Staff Analysis – Comparison of R&M requirements in IFRS for SMEs Standard and full IFRS and analysis of impact on disclosures (For for-profit private sector entities with no public accountability)

Application of proposed methodology (explained below) for for-profit private sector entities with no public accountability

1 The document contains the detailed assessment and rational behind determination of simplified disclosures for Tier 2 for-profit private sector entities.

2 The outcome of this analysis (the disclosures set out in the last column) has been used to draft the simplified disclosures for for-profit entities in draft AASB standard AASB 10XX *Simplified Disclosures for Tier 2 Entities.* The general basis for those conclusions are included in Draft Basis for Conclusions in the draft standard*.*

Methodology applied

1 As agreed by the Board at the February 2019 meeting[1], staff have used the following methodology in identifying the disclosures to be included in the new Tier 2 Standard.

2 *IFRS for SMEs* disclosures have been used as the basis of the new Tier 2 Standard. The proposed disclosure standard is expected to be appropriate for general purpose financial statements (GPFS) that are publicly lodged or are required to comply with Australian Accounting Standards (AAS), but do not relate to entities that are publicly accountable. These entities are referred to in this paper as 'tier 2 entities'.

3 The disclosures have been developed via a bottom-up approach which avoids having to identify specific full IFRS[2] disclosures that need to be retained and those that can be excluded.

4 The main premise is that IFRS for SMEs disclosures are retained where the recognition and measurement (R&M) principles and options are the same or similar in IFRS for SMEs and full IFRS.

5 Disclosures relating to R&M options or treatments in IFRS for SMEs standard that are not available in full IFRS have removed.

6 Disclosures have only been added to the IFRS for SME standard base where there the R&M principles were significantly different or certain topics are not addressed under the IFRS for SMEs standard.

---

1 Refer to AASB Action Alert 196.

2 The term "Full IFRS" refers to full Australian Accounting Standards throughout this document.

7 In determining what disclosures to add, the following broad principles have been applied[3]:

- users of the financial statements of for-profit entities that are not publicly accountable entities are particularly interested in information about short-term cash flows and about obligations, commitments or contingencies, whether or not recognised as liabilities. Thus disclosures in full IFRSs that provide this sort of information are necessary;
- users of the financial statements of for-profit entities that are not publicly accountable entities are particularly interested in information about liquidity and solvency. Thus disclosures in full IFRSs that provide this sort of information are necessary;
- information on measurement uncertainties is important;
- Information about an entity's accounting policy choices is important;
- disaggregation of amounts presented in for-profit entities that are not publicly accountable entities' financial statements are important for an understanding of those statements; and
- some disclosures in full IFRSs are more relevant to investment decisions in public capital markets than to the transactions and other events and conditions encountered by typical for-profit entities that are not publicly accountable entities.

8 Consistent with the International Accounting Standards Board (IASB)'s comments in relation to the proposed *Subsidiaries that are SMEs* project , tailoring of the IFRS for SMEs disclosure requirements has further been restricted to the absolute minimum:

(a) to avoid the risk of appearing to create a third dialect of IFRS Standards (alongside IFRS Standards and the IFRS for SMEs Standard); and

(b) to minimise the work needed for stakeholders.

9 To identify R&M differences, staf have refered to:

- the AASB staff paper *Comparison of Standards for Smaller Entities* prepared and published in April 2018;
- full IFRS vs IFRS for SMEs standard comparisons included in IFRS for SMEs Standard modules published by the IASB; and
- individual analysis of standards, where a topic is covered by neither of these two sources.

3 See BC157 of IFRS for SMEs Standard – Part B

10 Staff have further reviewed all AASB standards and interpretations that are not covered in the IFRS for SMEs standard, to identify whether there are any disclosures that should be added to the disclosures below. No such disclosures were identified.

Drafting conventions used in the analysis table and the draft standard

11 In Appendix A to this paper, staff have summarised options considered when drafting the actual standard.

12 Overall, staff suggest to maintain the draft standard in plain text without any mark-ups/changes. To identify any amendments made to the IFRS for SMEs disclosures, the analysis table in this document includes all tracked changes. This analysis will be published along with the Exposure Draft (ED). The paper will be used as an ongoing document for future reference, to understand the rationale behind certain decisions/judgements and to facilitate any future amendments.

Legend for column 3

Legend	Description
No significant differences	No significant differences: there are no simplifications or modifications to accounting requirements in relation to those in AASB Tier 1.
Simplified	Simplified: removal of accounting policy choices that are available under AASB Tier 1.
Modified	Modified: the differences extend beyond a mere limitation of accounting policy choice available, or IFRS for SME options are not available in full IFRS
Significant Difference	Significant: there is a significant difference in the recognition and measurement requirements compared to AASB Tier 1.
Excluded	Excluded: certain topics in full IFRS[4] are excluded

Legend for column 4

Legend	Description
Retain	If R&M principles are same or similar in both full IFRS and IFRS for SMEs – retain IFRS for SMEs disclosures, amended as necessary for differences in terminology
Add	Where R&M options are significantly different, and for topics not covered by IFRS for SMEs – consider what additional disclosures to IFRS for SMEs should be added using IFRS for SMEs disclosure as a base
Remove	If any R&M options in IFRS for SMES are not available under full IFRS – remove related disclosures and retain the rest.

4 Reference to Full IFRS in this document is equivalent to full Australian Accounting Standards.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Section 1 **Small and Medium-sized Entities (SMEs)**	N/A	Section 1 explains the scope and definitions of *IFRS for SMEs* and no comparison is required.	N/A	**Section 1** **Small and Medium-sized Entities** Not applicable
Section 2 **Concepts and Pervasive Principles**	*Conceptual Framework for Financial Reporting*	**No significant differences** • This section describes the objective of financial statements of SMEs and the qualities that make the information in the financial statements of SMEs useful. It also sets out the concepts and basic principles underlying the financial statements of SMEs. This is similar to the principles and concepts in the *Conceptual Framework for Financial Reporting*.	No disclosures to consider in this section.	**Section 2** **Concepts and Pervasive Principles** Not applicable Entities applying this Standard should refer to the *Conceptual Framework for Financial Reporting*.
Section 3 **Financial Statement Presentation** **Scope of this section** 3.1 This section explains fair presentation of financial statements, what compliance with the IFRS for SMEs requires and what a complete set of financial statements is. **Fair presentation**	AASB 101 *Presentation of Financial Statements*	**No significant differences** • This section predominantly describes presentation and disclosure requirements and there are only couple of R&M principles.	**Retain** Need to adapt language as necessary (eg replacing references to IFRS for SMEs) AASB 101 *Presentation*	**Section 3** **Financial Statement Presentation** **Scope of this section** 3.1 This section explains fair presentation of financial statements, what compliance with <u>Australian Accounting Standards, including</u>~~IFRS for SMEs~~ <u>this Standard,</u> requires and what a complete set of financial statements is.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
3.2 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in Section 2 Concepts and Pervasive Principles: (a) the application of the IFRS for SMEs, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation of the financial position, financial performance and cash flows of SMEs. (b) as explained in paragraph 1.5, the application of this Standard by an entity with public accountability does not result in a fair presentation in accordance with this Standard. The additional disclosures referred to in (a) are necessary when compliance with the specific requirements in this Standard is insufficient to enable users to understand the effect of particular transactions, other			*of Financial Statements* and AASB 107 *Statement of Cash Flows* will be replaced in their entirety with the following equivalent sections from the IFRS for SMEs standard: Section 3,4,5,6, 7 and 8. However, a number of amendments were made to the IFRS for SMEs disclosures to address Australian-specific cir-cumstances	**Fair presentation** 3.2 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in ~~Section 2 Concepts and Pervasive Principles:~~ <u>the *Conceptual Framework for Financial Reporting*</u>: (a) The application of <u>the recognition and measurement requirements in Australian Accounting Standards and the disclosures in</u> ~~the IFRS for SMEs~~ <u>this Standard</u>, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation of the financial position, financial performance and cash flows of <u>Tier 2 entities</u>~~of SMEs~~. (b) ~~as explained in paragraph 1.5, the application of this Standard by an entity with public accountability does not result in a fair presentation in accordance with this Standard~~. As explained in paragraph 13 of AASB

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
events and conditions on the entity's financial position and financial performance. **Compliance with the IFRS for SMEs** 3.3 An entity whose financial statements comply with the IFRS for SMEs shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with the IFRS for SMEs unless they comply with all the requirements of this Standard. 3.4 In the extremely rare circumstances when management concludes that compliance with this Standard would be so misleading that it would conflict with the objective of financial statements of SMEs set out in Section 2, the entity shall depart from that requirement in the manner set out in paragraph 3.5 unless the relevant regulatory framework prohibits such a departure. 3.5 When an entity departs from a requirement of this Standard in accordance with paragraph 3.4, it shall disclose the following: (a) that management has concluded that the financial statements			and ensure current options available under full AAS are retained. These are explained below. In May 2011, the Board discussed regarding the entities whose regulatory framework prohibits departure from AAS and an 'Aus' paragraph 19.1 was added to AASB 101 limiting the application of paragraph 19 of AASB 101 See	1053, this Standard <u>does not apply to an entity with public accountability.</u> The additional disclosures referred to in (a) are necessary when compliance with the specific requirements in this Standard is insufficient to enable users to understand the effect of particular transactions, other events and conditions on the entity's financial position and financial performance. <u>AusCF3.2 Notwithstanding paragraph 3.2, in respect of AusCF entities, financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Framework for the Preparation and Presentation of Financial Statements*:</u> <u>(a) The application of the recognition and measurement requirements in Australian Accounting Standards and the disclosures in this Standard, with additional</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
present fairly the entity's financial position, financial performance and cash flows; (b) that it has complied with the IFRS for SMEs, except that it has departed from a particular requirement to achieve a fair presentation; and (c) the nature of the departure, including the treatment that the IFRS for SMEs would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in Section 2 and the treatment adopted. 3.6 When an entity has departed from a requirement of this Standard in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraph 3.5(c). 3.7 In the extremely rare circumstances when management concludes that compliance with a requirement in this Standard would be so misleading that			(Amending Standard 2011-1.) Therefore, Aus 3.4.1 is added (equivalent to Aus19.1 of AASB 101) to new Tier 2 standard to maintain compliance with AAS. Paragraphs 3.4 to 3.6 were deleted as entities reporting under the new Tier 2 standard will not be permitted to depart from AAS. AusCF paragraphs were added consistent	<ins>disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation of the financial position, financial performance and cash flows of Tier 2 entities.</ins> <ins>(b) As explained in paragraph 13 of AASB 1053, this Standard does not apply to an entity with public accountability.</ins> <ins>The additional disclosures referred to in (a) are necessary when compliance with the specific requirements in this Standard is insufficient to enable users to understand the effect of particular transactions, other events and conditions on the entity's financial position and financial performance.</ins> **Compliance with <ins>Australian Accounting Standards – Simplified Disclosures</ins> ~~the IFRS for SMEs~~** 3.3 An entity whose financial statements comply with <ins>the recognition and measurements in</ins> <ins>Australian Accounting Standards and</ins> the <ins>disclosure requirements</ins>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
it would conflict with the objective of financial statements of SMEs set out in Section 2, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing the following: (a) the nature of the requirement in this Standard and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in Section 2; and (b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation. **Going concern**			with the amendments made to AAS by AASB 2019-1. Offsetting of amounts in the financial statemetns is dealt with in section 2 of the IFRS for SMEs standard. If AASB 101 is replaced in its entirety, staff consider it necessary to add a paragraph confirming the general prohibition to offset, but without the	in this Standard ~~IFRS for SMEs~~ shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with Australian Accounting Standards – Simplified Disclosures[5], ~~the IFRS for SMEs~~ unless they comply with all the requirements of these~~is~~ Standards. Aus3.3.1 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. ~~3.4 In the extremely rare circumstances when management concludes that compliance with would be so misleading that it would conflict with the objective of financial statements of SMEs set out in Section 2, the entity shall depart from that requirement in the manner set out in paragraph 3.5 unless the relevant regulatory framework prohibits such a departure.~~ Deleted by the AASB

[5] Australian Accounting Standards – Simplified Disclosures comprises the full recognition and measurement requirements of Australian Accounting Standards and the disclosures of AASB 10XX *Simplified Disclosures for Tier 2 entities*.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
3.8 When preparing financial statements, the management of an entity using this Standard shall make an assessment of the entity's ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the reporting date. 3.9 When management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.			additional guidance included in AASB 101. This will keep the style of drafting consistent with the IFRS for SMEs standard. (para Aus 3.16.1) The definition of materiality in IFRS for SMEs standard is replaced with the new definition of materiality as per AASB 2018-7 *Amendments to Australian Accounting*	<u>Aus3.4.1 Entities applying Australian Accounting Standards – Simplified Disclosures shall not depart from a requirement in an Australian Accounting Standard, including this Standard.</u> 3.5 ~~When an entity departs from a requirement in this Standard, in accordance with paragraph 3.4, it shall disclose the following:~~ ~~(a) that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;~~ ~~(b) that it has complied with the IFRS for SMEs, except that it has departed from a particular requirement to achieve a fair presentation; and~~ ~~(c) the nature of the departure, including the treatment that the IFRS for SMEs would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in Section 2 and the treatment adopted.~~ Deleted by the AASB 3.6 ~~When an entity has departed from a requirement of this Standard, in a prior period, and that departure affects the~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Frequency of reporting 3.10 An entity shall present a complete set of financial statements (including comparative information–see paragraph 3.14) at least annually. When the end of an entity's reporting period changes and the annual financial statements are presented for a period longer or shorter than one year, the entity shall disclose the following: (a) that fact; (b) the reason for using a longer or shorter period; and (c) the fact that comparative amounts presented in the financial statements (including the related notes) are not entirely comparable. **Consistency of presentation** 3.11 An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless: (a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that			*Standards – Definition of Material*. Staff note that RDR entities do not currently need to disclose the domicile, legal form and decription of the nature of the entity's operations and principal activities (para 3.24(a) and (b)). However, staff have retained this requirement consistent with the general principle to keep differences	~~amounts recognised in the financial statements for the current period, it shall make the disclosures set out in paragraph 3.5(c).~~ Deleted by the AASB 3.7 In the extremely rare circumstances when management concludes that compliance with a recognition and measurement requirement in an Australian Accounting Standard, or a presentation and disclosure requirement in this Standard, would be so misleading that it would conflict with the objective of financial statements ~~SMEs~~ set out in ~~Section 2~~ the *Conceptual Framework for Financial Reporting*, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing the following: (a) the title of the Australian Accounting Standard in question, the nature of the requirement, ~~in this Standard~~ and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in ~~Section 2~~ the *Conceptual Framework for Financial Reporting*; and

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in Section 10 Accounting Policies, Estimates and Errors; or (b) this Standard requires a change in presentation. 3.12 When the presentation or classification of items in the financial statements is changed, an entity shall reclassify comparative amounts unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the following: (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification. 3.13 If it is impracticable to reclassify comparative amounts, an entity shall disclose why reclassification was not practicable. **Comparative information**			to the IFRS for SMEs standard at a minimum.	(b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation. <u>AusCF3.7 Notwithstanding paragraph 3.7, in respect of AusCF entities, in the extremely rare circumstances when management concludes that compliance with a recognition and measurement requirement in an Australian Accounting Standard, or a presentation and disclosure requirement in this Standard, would be so misleading that it would conflict with the objective of financial statements set out in the *Framework for the Preparation and Presentation of Financial Statements*, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing the following:</u> <u>(a) the title of the Australian Accounting Standard in question, the nature of the requirement and the</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
3.14 Except when this Standard permits or requires otherwise, an entity shall disclose comparative information in respect of the previous comparable period for all amounts presented in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements. **Materiality and aggregation** 3.15 An entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial. 3.16 Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users made on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor. **Complete set of financial statements**				reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the *Framework for the Preparation and Presentation of Financial Statements*; and (b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation. **Going concern** 3.8 When preparing financial statements, the management of an entity using Australian Accounting Standards – Simplified Disclosures ~~this Standard~~ shall make an assessment of the entity's ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the entity or to cease

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
3.17 A complete set of financial statements of an entity shall include all of the following: (a) a statement of financial position as at the reporting date; (b) either: (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. (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				operations, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the reporting date. 3.9 When management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern. **Frequency of reporting** 3.10 An entity shall present a complete set of financial statements (including comparative information – see paragraph 3.14) at least annually. When the end of an entity's reporting period changes and the annual financial statements are presented for a period longer or shorter than one year, the entity shall disclose the following: (a) that fact;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
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; and (e) notes, comprising a summary of significant accounting policies and other explanatory information. 3.18 If the only changes to equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy, the entity may present a single statement of income and retained earnings in place of the statement of comprehensive income and statement of changes in equity (see paragraph 6.4). 3.19 If an entity has no items of other comprehensive income in any of the periods for which financial statements are presented, it may present only an income statement or it may present a statement of comprehensive income				(b) the reason for using a longer or shorter period; and (c) the fact that comparative amounts presented in the financial statements (including the related notes) are not entirely comparable. **Consistency of presentation** 3.11 An entity shall retain the presentation and classification of items in the financial statements from one period to the next unless: (a) it is apparent, following a significant change in the nature of the entity's operations or a review of its financial statements, that another presentation or classification would be more appropriate having regard to the criteria for the selection and application of accounting policies in ~~Section 10 *Accounting Policies, Estimates and Errors*~~ AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*; or (b) ~~this Standard~~ Australian Accounting Standards – Simplified Disclosures require~~s~~ a change in presentation. 3.12 When the presentation or classification of items in the financial statements is

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
in which the 'bottom line' is labelled 'profit or loss'. 3.20 Because paragraph 3.14 requires comparative amounts in respect of the previous period for all amounts presented in the financial statements, a complete set of financial statements means that an entity shall present, as a minimum, two of each of the required financial statements and related notes. 3.21 In a complete set of financial statements, an entity shall present each financial statement with equal prominence. 3.22 An entity may use titles for the financial statements other than those used in this Standard as long as they are not misleading. **Identification of the financial statements** 3.23 An entity shall clearly identify each of the financial statements and the notes and distinguish them from other information in the same document. In addition, an entity shall display the following information prominently and repeat it when necessary for an				changed, an entity shall reclassify comparative amounts unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose the following: (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification. 3.13 If it is impracticable to reclassify comparative amounts, an entity shall disclose why reclassification was not practicable. **Comparative information** 3.14 Except when this Standard permits or requires otherwise, an entity shall disclose comparative information in respect of the previous comparable period for all amounts presented in the current period's financial statements. An entity shall include comparative information for narrative and descriptive information when it is relevant to an understanding of the current period's financial statements. **Materiality and aggregation** 3.15 An entity shall present separately each material class of similar items. An entity

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
understanding of the information presented: (a) the name of the reporting entity and any change in its name since the end of the preceding reporting period; (b) whether the financial statements cover the individual entity or a group of entities; (c) the date of the end of the reporting period and the period covered by the financial statements; (d) the presentation currency, as defined in Section 30 Foreign Currency Translation; and (e) the level of rounding, if any, used in presenting amounts in the financial statements. 3.24 An entity shall disclose the following in the notes: (a) the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of				shall present separately items of a dissimilar nature or function unless they are immaterial. 3.16 ~~Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users made on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.~~ Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. **<u>Offsetting</u>** <u>Aus3.16.1 An entity shall not offset assets and liabilities or income and expenses, unless required or permitted by an Australian Accounting Standard.</u> **Complete set of financial statements**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
business, if different from the registered office); and (b) a description of the nature of the entity's operations and its principal activities. **Presentation of information not required by this Standard** 3.25 This Standard does not address presentation of segment information, earnings per share, or interim financial reports by a small or medium-sized entity. An entity making such disclosures shall describe the basis for preparing and presenting the information.				3.17 A complete set of financial statements of an entity shall include all of the following: (a) a statement of financial position as at the reporting date; (b) either: (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. (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.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				(c) a statement of changes in equity for the reporting period; (d) a statement of cash flows for the reporting period; and (e) notes, comprising ~~a summary of~~ significant accounting policies and other explanatory information. 3.18 If the only changes to equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy, the entity may present a single statement of income and retained earnings in place of the statement of comprehensive income and statement of changes in equity (see paragraph 6.4). 3.19 If an entity has no items of other comprehensive income in any of the periods for which financial statements are presented, it may present only an income statement or it may present a statement of comprehensive income in which the 'bottom line' is labelled 'profit or loss'. 3.20 Because paragraph 3.14 requires comparative amounts in respect of the previous period for all amounts presented in the financial statements, a complete set of financial statements means that an

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				entity shall present, as a minimum, two of each of the required financial statements and related notes. 3.21 In a complete set of financial statements, an entity shall present each financial statement with equal prominence. 3.22 An entity may use titles for the financial statements other than those used in this Standard as long as they are not misleading. **Identification of the financial statements** 3.23 An entity shall clearly identify each of the financial statements and the notes and distinguish them from other information in the same document. In addition, an entity shall display the following information prominently and repeat it when necessary for an understanding of the information presented: (a) the name of the reporting entity and any change in its name since the end of the preceding reporting period; (b) whether the financial statements cover the individual entity or a group of entities;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				(c) the date of the end of the reporting period and the period covered by the financial statements; (d) the presentation currency, as defined in ~~Section 30 Foreign Currency Translation~~ AASB 121 *The Effects of Changes in Foreign Exchange Rates*; and (e) the level of rounding, if any, used in presenting amounts in the financial statements. 3.24 An entity shall disclose the following, if not disclosed elsewhere in information published with the financial statements ~~in the notes~~: (a) the domicile and legal form of the entity, its country of incorporation and the address of its registered office (or principal place of business, if different from the registered office); and (b) a description of the nature of the entity's operations and its principal activities. **Presentation of information not required by this Standard** 3.25 This Standard does not address presentation of segment information (AASB 8 *Operating Segments*), earnings per share

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				(AASB 133 *Earnings per Share*), or interim financial reports (AASB 134) ~~by a small or medium-sized entity~~. An entity making such disclosures shall apply the relevant standards in ~~describe the basis for~~ preparing and presenting the information.
Section 4 **Statement of Financial Position** **Scope of this section** 4.1 This section sets out the information that is to be presented in a statement of financial position and how to present it. The statement of financial position (sometimes called the balance sheet) presents an entity's assets, liabilities and equity as of a specific date—the end of the reporting period. **Information to be presented in the statement of financial position** 4.2 As a minimum, the statement of financial position shall include line items that present the following amounts: (a) cash and cash equivalents; (b) trade and other receivables;	AASB 101 *Presentation of Financial Statements*	No significant difference • This section describes presentation and disclosure requirements and there are no R&M principles. Some disclosure differences may arise from different R&M principles in other sections – e.g. separate disclosure of biological assets and investment property carried at cost vs fair value. • Full IFRS do not require separate presentation of investment property carried at cost and investment property carried at fair value, and biological assets carried at cost and biological assets carried at fair value. The IFRS for SMEs Standard does. The difference arises because full IFRS Standards provides no exemption for undue cost and effort, so a single measurement model is generally used for all of an	Retain and Remove Remove disclosures not relevant as no exemption from fair value measurement for undue cost or effort under full IFRS for investment property and biological assets. Add clarification to para 4.7 regarding terms of a liability that	**Section 4** **Statement of Financial Position** **Scope of this section** 4.1 This section sets out the information that is to be presented in a statement of financial position and how to present it. The statement of financial position (sometimes called the balance sheet) presents an entity's assets, liabilities and equity as of a specific date – the end of the reporting period. **Information to be presented in the statement of financial position** 4.2 As a minimum, the statement of financial position shall include line items that present the following amounts: (a) cash and cash equivalents; (b) trade and other receivables; (c) financial assets (excluding amounts shown under (a), (b), (j) and (k));

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(c) financial assets (excluding amounts shown under (a), (b), (j) and (k)); (d) inventories; (e) property, plant and equipment; (ea) investment property carried at cost less accumulated depreciation and impairment; (f) investment property carried at fair value through profit or loss; (g) intangible assets; (h) biological assets carried at cost less accumulated depreciation and impairment; (i) biological assets carried at fair value through profit or loss; (j) investments in associates; (k) investments in jointly controlled entities; (l) trade and other payables; (m) financial liabilities (excluding amounts shown under (l) and (p)); (n) liabilities and assets for current tax;		entity's investment property and all of its biological assets. Therefore this disclosure should be removed as this R&M option is not available in Full IFRS.	could, at the option of the counterparty result in the settlement of a liability by the issue of equity instruments, which is not included in the IFRS for SMEs. This will avoid any uninten-tional differences in application. Revise terminology in paragraph 4.11 to reflect terminology used in AASB 15.	(d) inventories; (e) property, plant and equipment; (ea) investment property ~~carried at cost less accumulated depreciation and impairment;~~ (f) ~~investment property carried at fair value through profit or loss;~~ Deleted by the AASB (g) intangible assets; (h) biological assets ~~carried at cost less accumulated depreciation and impairment;~~ (i) ~~biological assets carried at fair value through profit or loss;~~ Deleted by the AASB (j) investments in associates; (k) investments in joint ventures (l) trade and other payables; (m) financial liabilities (excluding amounts shown under (l) and (p)); (n) liabilities and assets for current tax; (o) deferred tax liabilities and deferred tax assets (these shall always be classified as non-current); (p) provisions;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(o) deferred tax liabilities and deferred tax assets (these shall always be classified as non-current); (p) provisions; (q) non-controlling interest, presented within equity separately from the equity attributable to the owners of the parent; and (r) equity attributable to the owners of the parent. 4.3 An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position. **Current/non-current distinction** 4.4 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 4.5–4.8, except when a presentation based on liquidity provides information that is reliable and more relevant. When that				(q) non-controlling interest, presented within equity separately from the equity attributable to the owners of the parent; (r) equity attributable to the owners of the parent. 4.3 An entity shall present additional line items, headings and subtotals in the statement of financial position when such presentation is relevant to an understanding of the entity's financial position. **Current/non-current distinction** 4.4 An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 4.5–4.8, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending). **Current assets** 4.5 An entity shall classify an asset as current when:

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
exception applies, all assets and liabilities shall be presented in order of approximate liquidity (ascending or descending). **Current assets** 4.5 An entity shall classify an asset as current when: (a) it expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle; (b) it holds the asset primarily for the purpose of trading; (c) it expects to realise the asset within twelve months after the reporting date; or (d) the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. 4.6 An entity shall classify all other assets as non-current. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months. **Current liabilities**				(a) it expects to realise the asset, or intends to sell or consume it, in the entity's normal operating cycle; (b) it holds the asset primarily for the purpose of trading; (c) it expects to realise the asset within twelve months after the reporting date; or (d) the asset is cash or a cash equivalent, unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date. 4.6 An entity shall classify all other assets as non-current. When the entity's normal operating cycle is not clearly identifiable, its duration is assumed to be twelve months. **Current liabilities** 4.7 An entity shall classify a liability as current when: (a) it expects to settle the liability in the entity's normal operating cycle; (b) it holds the liability primarily for the purpose of trading;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
4.7 An entity shall classify a liability as current when: (a) it expects to settle the liability in the entity's normal operating cycle; (b) it holds the liability primarily for the purpose of trading; (c) the liability is due to be settled within twelve months after the reporting date; or (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date. 4.8 An entity shall classify all other liabilities as non-current. **Sequencing of items and format of items in the statement of financial position** 4.9 This Standard does not prescribe the sequence or format in which items are to be presented. Paragraph 4.2 simply provides a list of items that are sufficiently different in nature or function to warrant separate presentation in the statement of financial position. In addition:				(c) the liability is due to be settled within twelve months after the reporting date; or (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after reporting date. <u>Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.</u> 4.8 An entity shall classify all other liabilities as non-current. **Sequencing of items and format of items in the statement of financial position** 4.9 This Standard does not prescribe the sequence or format in which items are to be presented. Paragraph 4.2 simply provides a list of items that are sufficiently different in nature or function to warrant separate presentation in the statement of financial position. In addition: (a) line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(a) line items are included when the size, nature or function of an item or aggregation of similar items is such that separate presentation is relevant to an understanding of the entity's financial position; and (b) the descriptions used and the sequencing of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position. 4.10 The judgement on whether additional items are presented separately is based on an assessment of all of the following: (a) the amounts, nature and liquidity of assets; (b) the function of assets within the entity; and (c) the amounts, nature and timing of liabilities. **Information to be presented either in the statement of financial position or in the notes**				to an understanding of the entity's financial position; and (b) the descriptions used and the sequencing of items or aggregation of similar items may be amended according to the nature of the entity and its transactions, to provide information that is relevant to an understanding of the entity's financial position. 4.10 The judgement on whether additional items are presented separately is based on an assessment of all of the following: (a) the amounts, nature and liquidity of assets; (b) the function of assets within the entity; and (c) the amounts, nature and timing of liabilities. **Information to be presented either in the statement of financial position or in the notes** 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:

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
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: (a) property, plant and equipment in classifications appropriate to the entity; (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; (c) inventories, showing separately amounts of inventories: (i) held for sale in the ordinary course of business; (ii) in the process of production for such sale; and (iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services. (d) trade and other payables, showing separately amounts payable to trade suppliers, payable to related				(a) property, plant and equipment in classifications appropriate to the entity; (b) trade and other receivables showing separately amounts due from related parties, amounts due from other parties and contract assets from contracts with customers ~~receivables arising from accrued income not yet billed~~; (c) inventories, showing separately amounts of inventories: (i) held for sale in the ordinary course of business; (ii) in the process of production for such sale; and (iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services. (d) trade and other payables, showing separately amounts payable to trade suppliers, payable to related parties, contract liabilities from contracts with customers ~~deferred income~~ and accruals;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
parties, deferred income and accruals; (e) provisions for employee benefits and other provisions; and (f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income and expense that, as required by this Standard, are recognised in other comprehensive income and presented separately in equity. 4.12 An entity with share capital shall disclose the following, either in the statement of financial position or in the notes: (a) for each class of share capital: (i) the number of shares authorised. (ii) the number of shares issued and fully paid, and issued but not fully paid. (iii) par value per share or that the shares have no par value. (iv) a reconciliation of the number of shares outstanding at the beginning and at the end of the period. This				(e) provisions for employee benefits and other provisions; and (f) classes of equity, such as paid-in capital, share premium, retained earnings and items of income and expense that, as required by ~~this Standard~~ Australian Accounting Standards, are recognised in other comprehensive income and presented separately in equity. 4.12 An entity with share capital shall disclose the following, either in the statement of financial position or in the notes: (a) for each class of share capital: (i) the number of shares authorised. (ii) the number of shares issued and fully paid, and issued but not fully paid. (iii) par value per share or that the shares have no par value. (iv) a reconciliation of the number of shares outstanding at the beginning and at the end of the period. This reconciliation need not be presented for prior periods. (v) the rights, preferences and restrictions attaching to that class

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
reconciliation need not be presented for prior periods. (v) the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital. (vi) shares in the entity held by the entity or by its subsidiaries or associates. (vii) shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts. (b) a description of each reserve within equity. 4.13 An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by paragraph 4.12(a), showing changes during the period in each category of equity, and the rights, preferences and restrictions attaching to each category of equity. 4.14 If, at the reporting date, an entity has a binding sale agreement for a major disposal of assets, or a group of assets				including restrictions on the distribution of dividends and the repayment of capital. (vi) shares in the entity held by the entity or by its subsidiaries or associates. (vii) shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts. (b) a description of each reserve within equity. 4.13 An entity without share capital, such as a partnership or trust, shall disclose information equivalent to that required by paragraph 4.12(a), showing changes during the period in each category of equity, and the rights, preferences and restrictions attaching to each category of equity. 4.14 If, at the reporting date, an entity has a binding sale agreement for a major disposal of assets, or a group of assets and liabilities, the entity shall disclose the following information: (a) a description of the asset(s) or the group of assets and liabilities;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
and liabilities, the entity shall disclose the following information: (a) a description of the asset(s) or the group of assets and liabilities; (b) a description of the facts and circumstances of the sale or plan; and (c) the carrying amount of the assets or, if the disposal involves a group of assets and liabilities, the carrying amounts of those assets and liabilities.				(b) a description of the facts and circumstances of the sale or plan; and (c) the carrying amount of the assets or, if the disposal involves a group of assets and liabilities, the carrying amounts of those assets and liabilities.
Section 5 **Statement of Comprehensive Income and Income Statement** **Scope of this section** 5.1 This section requires an entity to present its total comprehensive income for a period—i.e. its financial performance for the period—in one or two financial statements. It sets out the information that is to be presented in those statements and how to present it. **Presentation of total comprehensive income**	AASB 101 *Presentation of Financial Statements*	**No significant differences** • This is another presentation and disclosure section, but there are some presentation differences that may affect disclosures as noted below. • The IFRS for SMEs Standard has only four items of other comprehensive income - translating the financial statements of a foreign operation, some changes in fair values of hedging instruments, actuarial gains and losses of defined benefit plans and changes in the revaluation	**Retain** Need to amend text to reflect R&M differences (paras 5.4(b) and 5.5(h) of IFRS for SMEs standard) to reflect that more items are recognised in OCI and more items	**Section 5** **Statement of Comprehensive Income and Income Statement** **Scope of this section** 5.1 This section requires an entity to present its total comprehensive income for a period—ie its financial performance for the period—in one or two financial statements. It sets out the information that is to be presented in those statements and how to present it. **Presentation of total comprehensive income** 5.2 An entity shall present its total comprehensive income for a period either:

IFS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
5.2 An entity shall present its total comprehensive income for a period either: (a) in a single statement of comprehensive income, in which case the statement of comprehensive income presents all items of income and expense recognised in the period; or (b) in two statements—an income statement and a statement of comprehensive income—in which case the income statement presents all items of income and expense recognised in the period except those that are recognised in total comprehensive income outside of profit or loss as permitted or required by this Standard. 5.3 A change from the single-statement approach to the two-statement approach, or vice versa, is a change in accounting policy to which Section 10 Accounting Policies, Estimates and Errors applies. **Single-statement approach** 5.4 Under the single-statement approach, the statement of comprehensive		surplus for property, plant and equipment measured in accordance with the revaluation model. Full IFRS Standards have nine items of comprehensive income (e.g. cumulative changes in the fair value of available-for-sale financial assets (AASB 139 *Financial Instruments: Recognition and Measurement*) or of equity instruments (AASB 9 *Financial Instruments*) and gains on the revaluation of intangible assets). • Full IFRS Standards require reclassification through profit or loss of some items of other comprehensive income (sometimes called 'recycling') when they become realised (e.g. those in respect of debt instruments at fair value through OCI (AASB 9) and the translation of foreign operations). Except for specified gains and losses on hedging instruments (see Section 12) the IFRS for SMEs Standard does not permit reclassification. However, 5.5(g) still requires disclosure on recycled and non-	may be reclassified to P&L.	(a) in a single statement of comprehensive income, in which case the statement of comprehensive income presents all items of income and expense recognised in the period; or (b) in two statements—an income statement and a statement of comprehensive income—in which case the income statement presents all items of income and expense recognised in the period except those that are recognised in total comprehensive income outside of profit or loss as permitted or required by ~~this Standard~~ other Australian Accounting Standards. 5.3 A change from the single-statement approach to the two-statement approach, or vice versa, is a change in accounting policy to which ~~Section 10 *Accounting Policies, Estimates and Errors*~~ AASB 108 applies. **Single-statement approach** 5.4 Under the single-statement approach, the statement of comprehensive income shall include all items of income and expense recognised in a period unless ~~this Standard~~ other Australian Accounting Standards requires otherwise. ~~This Standard~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
income shall include all items of income and expense recognised in a period unless this Standard requires otherwise. This Standard provides different treatment for the following circumstances: (a) the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they arise (see Section 10); and (b) four types of other comprehensive income are recognised as part of total comprehensive income, outside of profit or loss, when they arise: (i) some gains and losses arising on translating the financial statements of a foreign operation (see Section 30 Foreign Currency Translation); (ii) some actuarial gains and losses (see Section 28 Employee Benefits); (iii) some changes in fair values of hedging instruments (see		recycled items. Therefore disclosure requirements in IFRS for SMEs and full IFRS are the same (even though the items that can be recycled are different).		Australian Accounting Standards provide~~s~~ different treatment for the following circumstances: (a) the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they arise (see ~~Section 10~~ AASB 108); and (b) ~~four~~ nine types of other comprehensive income are recognised as part of total comprehensive income, outside of profit or loss, when they arise: (i) ~~some~~ gains and losses arising on translating the financial statements of a foreign operation (see ~~Section 30 Foreign Currency Translation~~ AASB 121); (ii) ~~some actuarial gains and losses~~ remeasurements of defined benefit plans (see ~~Section 28~~ AASB 119 *Employee Benefits*); (iii) ~~some changes in fair values of hedging instruments (see Section 12 Other Financial Instrument Issues)~~ the effective portion of gains and losses on hedging

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Section 12 Other Financial Instrument Issues); and (iv) changes in the revaluation surplus for property, plant and equipment measured in accordance with the revaluation model (see Section 17 Property, Plant and Equipment). 5.5 As a minimum, an entity shall include, in the statement of comprehensive income, line items that present the following amounts for the period: (a) revenue. (b) finance costs. (c) share of the profit or loss of investments in associates (see Section 14 Investments in Associates) and jointly controlled entities (see Section 15 Investments in Joint Ventures) accounted for using the equity method. (d) tax expense excluding tax allocated to items (e), (g) and (h) (see paragraph 29.35).				instruments in a cash flow hedge and the gains and losses on hedging instruments that hedge investments in equity instruments measured at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9 *Financial Instruments* (see Chapter 6 of AASB 9); (iv) changes in the revaluation surplus ~~for property, plant and equipment measured in accordance with the revaluation model~~ (see ~~Section 17~~ AASB 116 *Property, Plant and Equipment* and AASB 138 *Intangible Assets*); Aus5.4(b)(v) gains and losses from investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9; Aus5.4(b)(vi) gains and losses on financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9. Aus5.4(b)(vii) for particular liabilities designated as at fair value

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(e) a single amount comprising the total of: (i) the post-tax profit or loss of a discontinued operation; and (ii) the post-tax gain or loss attributable to an impairment, or reversal of an impairment, of the assets in the discontinued operation (see Section 27 Impairment of Assets), both at the time and subsequent to being classified as a discontinued operation and to the disposal of the net assets constituting the discontinued operation. (f) profit or loss (if an entity has no items of other comprehensive income, this line need not be presented). (g) each item of other comprehensive income (see paragraph 5.4(b)) classified by nature (excluding amounts in (h)). Such items shall be grouped into those that, in accordance with this Standard: (i) will not be reclassified subsequently to profit or				<ins>through profit or loss, the amount of the change in fair value that is attributable to changes in the liability's credit risk (see paragraph 5.7.7 of AASB 9);</ins> <ins>Aus5.4(b)(viii)</ins> <ins>changes in the value of the time value of options when separating the intrinsic value and time value of an option contract and designating as the hedging instrument only the changes in the intrinsic value (see Chapter 6 of AASB 9);</ins> <ins>Aus5.4(b)(ix)</ins> <ins>changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating as the hedging instrument only the changes in the spot element, and changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument (see Chapter 6 of AASB 9);</ins> 5.5 As a minimum, an entity shall include, in the statement of comprehensive income,

IFS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
loss—ie those in paragraph 5.4(b)(i)–(ii) and (iv); and (ii) will be reclassified subsequently to profit or loss when specific conditions are met—ie those in paragraph 5.4(b)(iii). (h) share of the other comprehensive income of associates and jointly controlled entities accounted for by the equity method. (i) total comprehensive income (if an entity has no items of other comprehensive income, it may use another term for this line such as profit or loss). 5.6 An entity shall disclose separately the following items in the statement of comprehensive income as allocations for the period: (a) profit or loss for the period attributable to (i) non-controlling interest; and (ii) owners of the parent. (b) total comprehensive income for the period attributable to				line items that present the following amounts for the period: (a) revenue; (b) finance costs; (c) share of the profit or loss of investments in associates ~~(see Section 14 Investments in Associates)~~ and ~~jointly controlled entities (see Section 15 Investments in Joint Ventures)~~ and joint ventures accounted for using the equity method (see AASB 128 *Investments in Associates and Joint Ventures*.); (d) tax expense; ~~excluding tax allocated to items (e), (g) and (h) (see paragraph 29.35).~~ (e) a single amount for the total of ~~comprising the total of:~~ (i) ~~the post-tax profit or loss of a~~ discontinued operations (see AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*); and (ii) the post-tax gain or loss attributable to an impairment, or reversal of an impairment, of the assets in the discontinued operation (see AASB 5 ~~Section 27 Impairment of Assets~~), both at the

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(i) non-controlling interest; and (ii) owners of the parent. **Two-statement approach** 5.7 Under the two-statement approach, the income statement shall display, as a minimum, line items that present the amounts in paragraph 5.5(a)–5.5(f) for the period, with profit or loss as the last line. The statement of comprehensive income shall begin with profit or loss as its first line and shall display, as a minimum, line items that present the amounts in paragraph 5.5(g)–5.5(i) and paragraph 5.6 for the period. **Requirements applicable to both approaches** 5.8 Under this Standard, the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they arise (see Section 10). 5.9 An entity shall present additional line items, headings and subtotals in the statement of comprehensive income (and in the income statement, if				time and subsequent to being classified as a discontinued operation and to the disposal of the net assets constituting the discontinued operation. (f) profit or loss (if an entity has no items of other comprehensive income, this line need not be presented); (g) each item of other comprehensive income (see paragraph 5.4(b)) classified by nature (excluding amounts in (h)). Such items shall be grouped into those that, in accordance with ~~this Standard~~ <u>other Australian Accounting Standards</u>: (i) will not be reclassified subsequently to profit or loss—ie those in paragraph ~~5.4(b)(i)–(ii) and (iv)~~ <u>5.4(b)(i), 5.4(b)(iii) and Aus5.4(b)(vi)</u> ;and (ii) will be reclassified subsequently to profit or loss when specific conditions are met—ie those in paragraph ~~5.4(b)(iii)~~ <u>5.4(b)(ii), 5.4(b)(iv), Aus5.4(b)(v), Aus5.4(b)(vii), Aus5.4(b)(viii) and Aus5.4(b)(ix)</u>. (h) share of the other comprehensive income of associates and ~~jointly~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
presented), when such presentation is relevant to an understanding of the entity's financial performance. 5.10 An entity shall not present or describe any items of income and expense as 'extraordinary items' in the statement of comprehensive income (or in the income statement, if presented) or in the notes. **Analysis of expenses** 5.11 An entity shall present an analysis of expenses using a classification based on either the nature of expenses or the function of expenses within the entity, whichever provides information that is reliable and more relevant. **Analysis by nature of expense** (a) Under this method of classification, expenses are aggregated in the statement of comprehensive income according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs) and are not reallocated among various functions within the entity.				~~controlled entities~~ joint ventures accounted for by the equity method~~.~~; and (i) total comprehensive income (if an entity has no items of other comprehensive income, it may use another term for this line such as profit or loss). 5.6 An entity shall disclose separately the following items in the statement of comprehensive income as allocations for the period: (a) profit or loss for the period attributable to (i) non-controlling interest; and (ii) owners of the parent. (b) total comprehensive income for the period attributable to (i) non-controlling interest; and (ii) owners of the parent. **Two-statement approach** 5.7 Under the two-statement approach, the income statement shall display, as a minimum, line items that present the amounts in paragraph 5.5(a)–5.5(f) for the period, with profit or loss as the last line.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Analysis by function of expense (b) Under this method of classification, expenses are aggregated according to their function as part of cost of sales or, for example, the costs of distribution or administrative activities. At a minimum, an entity discloses its cost of sales under this method separately from other expenses**.**				The statement of comprehensive income shall begin with profit or loss as its first line and shall display, as a minimum, line items that present the amounts in paragraph 5.5(g)–5.5(i) and paragraph 5.6 for the period. **Requirements applicable to both approaches** 5.8 Under ~~this Standard~~ <u>AASB 108</u>, the effects of corrections of errors and changes in accounting policies are presented as retrospective adjustments of prior periods instead of as part of profit or loss in the period in which they arise (see <u>AASB 108</u> ~~Section 10~~). 5.9 An entity shall present additional line items, headings and subtotals in the statement of comprehensive income (and in the income statement, if presented), when such presentation is relevant to an understanding of the entity's financial performance. 5.10 An entity shall not present or describe any items of income and expense as 'extraordinary items' in the statement of comprehensive income (or in the income statement, if presented) or in the notes. **Analysis of expenses**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				5.11 An entity shall present an analysis of expenses using a classification based on either the nature of expenses or the function of expenses within the entity, whichever provides information that is reliable and more relevant. **Analysis by nature of expense** (a) Under this method of classification, expenses are aggregated in the statement of comprehensive income according to their nature (for example, depreciation, purchases of materials, transport costs, employee benefits and advertising costs) and are not reallocated among various functions within the entity. **Analysis by function of expense** (b) Under this method of classification, expenses are aggregated according to their function as part of cost of sales or, for example, the costs of distribution or administrative activities. At a minimum, an entity discloses its cost of sales under this method separately from other expenses.
Section 6	AASB 101 *Presentation*	**No significant differences** • This section describes presentation and disclosure	**Retain**	**Section 6** **Statement of Changes in Equity and Statement of Income and Retained Earnings**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Statement of Changes in Equity and Statement of Income and Retained Earnings **Scope of this section** 6.1 This section sets out requirements for presenting the changes in an entity's equity for a period, either in a statement of changes in equity or, if specified conditions are met and an entity chooses, in a statement of income and retained earnings. **Statement of changes in equity** **Purpose** 6.2 The statement of changes in equity presents an entity's profit or loss for a reporting period, other comprehensive income for the period, the effects of changes in accounting policies and corrections of errors recognised in the period and the amounts of investments by, and dividends and other distributions to, owners in their capacity as owners during the period. **Information to be presented in the statement of changes in equity** 6.3 The statement of changes in equity includes the following information:	*of Financial Statements*	requirements and there are no R&M principles.		**Scope of this section** 6.1 This section sets out requirements for presenting the changes in an entity's equity for a period, either in a statement of changes in equity or, if specified conditions are met and an entity chooses, in a statement of income and retained earnings. **Statement of changes in equity** **Purpose** 6.2 The statement of changes in equity presents an entity's profit or loss for a reporting period, other comprehensive income for the period, the effects of changes in accounting policies and corrections of errors recognised in the period and the amounts of investments by, and dividends and other distributions to, owners in their capacity as owners during the period. **Information to be presented in the statement of changes in equity** 6.3 The statement of changes in equity includes the following information: (a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(a) total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests; (b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with Section 10 Accounting Policies, Estimates and Errors; and (c) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from: (i) profit or loss; (ii) other comprehensive income; and (iii) the amounts of investments by, and dividends and other distributions to, owners in their capacity as owners, showing separately issues of shares, treasury share transactions, dividends and other distributions to owners				parent and to non-controlling interests; (b) for each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with ~~Section 10 *Accounting Policies, Estimates and Errors*~~ AASB 108; and (c) for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from: (i) profit or loss; (ii) other comprehensive income; and (iii) the amounts of investments by, and dividends and other distributions to, owners in their capacity as owners, showing separately issues of shares, treasury share transactions, dividends and other distributions to owners and changes in ownership interests in subsidiaries that do not result in a loss of control. **Statement of income and retained earnings**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
and changes in ownership interests in subsidiaries that do not result in a loss of control. **Statement of income and retained earnings** **Purpose** 6.4 The statement of income and retained earnings presents an entity's profit or loss and changes in retained earnings for a reporting period. Paragraph 3.18 permits an entity to present a statement of income and retained earnings in place of a statement of comprehensive income and a statement of changes in equity if the only changes to its equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy. **Information to be presented in the statement of income and retained earnings** 6.5 An entity shall present, in the statement of income and retained earnings, the following items in addition to the information required				**Purpose** 6.4 The statement of income and retained earnings presents an entity's profit or loss and changes in retained earnings for a reporting period. Paragraph 3.18 permits an entity to present a statement of income and retained earnings in place of a statement of comprehensive income and a statement of changes in equity if the only changes to its equity during the periods for which financial statements are presented arise from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy. **Information to be presented in the statement of income and retained earnings** 6.5 An entity shall present, in the statement of income and retained earnings, the following items in addition to the information required by Section 5 Statement of Comprehensive Income and Income Statement: (a) retained earnings at the beginning of the reporting period; (b) dividends declared and paid or payable during the period; (c) restatements of retained earnings for corrections of prior period errors;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
by Section 5 Statement of Comprehensive Income and Income Statement: (a) retained earnings at the beginning of the reporting period; (b) dividends declared and paid or payable during the period; (c) restatements of retained earnings for corrections of prior period errors; (d) restatements of retained earnings for changes in accounting policy; and (e) retained earnings at the end of the reporting period.				(d) restatements of retained earnings for changes in accounting policy; and (e) retained earnings at the end of the reporting period.
Section 7 **Statement of Cash Flows** **Scope of this section** 7.1 This section sets out the information that is to be presented in a statement of cash flows and how to present it. The statement of cash flows provides information about the changes in cash and cash equivalents of an entity for a reporting period, showing separately changes from operating activities,	AASB 107 *Statement of Cash Flows*	**Simplified** This standard prescribes presentation and disclosure requirements. There are no R&M principles. However, following sections in Full IFRS are not included in IFRS for SMEs (as per IFRS for SMEs module published by the IASB): • Full IFRS Standards allow certain cash flows to be reported on a net basis. There is no corresponding requirement	**Retain** Consistent with the recommendation in relation to AASB 101 noted above, staff also recommend replacing AASB 107 Statement of	**Section 7** **Statement of Cash Flows** **Scope of this section** 7.1 This section sets out the information that is to be presented in a statement of cash flows and how to present it. The statement of cash flows provides information about the changes in cash and cash equivalents of an entity for a reporting period, showing separately changes from operating

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
investing activities and financing activities. **Cash equivalents** 7.2 Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. They are held to meet short-term cash commitments instead of for investment or other purposes. Consequently, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts are normally considered financing activities similar to borrowings. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents. **Information to be presented in the statement of cash flows** 7.3 An entity shall present a statement of cash flows that presents cash flows for a reporting period classified by		under the IFRS for SMEs Standard. • Full IFRS Standards also provide another option of presenting the net cash flows from operating activities under the indirect method, by showing the revenues and expenses disclosed in the statement of comprehensive income and the changes during the period in inventories and operating receivables and payables.	Cash Flows in its entirety with the disclosures in section 7. While the differences noted on the left do not relate to R&M differences, the AASB agreed to add the options currently available under full AAS in relation to reporting cash flows on a net basis and the alternative method of presenting cash flows under the idirect	activities, investing activities and financing activities. **Cash equivalents** 7.2 Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. They are held to meet short-term cash commitments instead of for investment or other purposes. Consequently, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts are normally considered financing activities similar to borrowings. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents. **Information to be presented in the statement of cash flows** 7.3 An entity shall present a statement of cash flows that presents cash flows for a reporting period classified by operating activities, investing activities and financing activities. **Operating activities**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
operating activities, investing activities and financing activities. **Operating activities** 7.4 Operating activities are the principal revenue-producing activities of the entity. Consequently, cash flows from operating activities generally result from the transactions and other events and conditions that enter into the determination of profit or loss. Examples of cash flows from operating activities are: (a) cash receipts from the sale of goods and the rendering of services; (b) cash receipts from royalties, fees, commissions and other revenue; (c) cash payments to suppliers for goods and services; (d) cash payments to and on behalf of employees; (e) cash payments or refunds of income tax, unless they can be specifically identified with financing and investing activities; and			method permitted under AASB 107 para 20. This will avoid any differences in presentation where subsidiaries are consolidated into financial statements of a parent entity that are presented in accordance with full AAS or full IFRS.	7.4 Operating activities are the principal revenue-producing activities of the entity. Consequently, cash flows from operating activities generally result from the transactions and other events and conditions that enter into the determination of profit or loss. Examples of cash flows from operating activities are: (a) cash receipts from the sale of goods and the rendering of services; (b) cash receipts from royalties, fees, commissions and other revenue; (c) cash payments to suppliers for goods and services; (d) cash payments to and on behalf of employees; (e) cash payments or refunds of income tax, unless they can be specifically identified with financing and investing activities; and (f) cash receipts and payments from investments, loans and other contracts held for dealing or trading purposes, which are similar to inventory acquired specifically for resale. Some transactions, such as the sale of an item of plant by a manufacturing entity, may give rise to a gain or loss that is included in profit or loss.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(f) cash receipts and payments from investments, loans and other contracts held for dealing or trading purposes, which are similar to inventory acquired specifically for resale. Some transactions, such as the sale of an item of plant by a manufacturing entity, may give rise to a gain or loss that is included in profit or loss. However, the cash flows relating to such transactions are cash flows from investing activities. **Investing activities** 7.5 Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Examples of cash flows arising from investing activities are: (a) cash payments to acquire property, plant and equipment (including self-constructed property, plant and equipment), intangible assets and other long-term assets; (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;				However, the cash flows relating to such transactions are cash flows from investing activities. **Investing activities** 7.5 Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents. Examples of cash flows arising from investing activities are: (a) cash payments to acquire property, plant and equipment (including self-constructed property, plant and equipment), intangible assets and other long-term assets; (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets; (c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments classified as cash equivalents or held for dealing or trading); (d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments

IFRS for SMEs **(includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)**	**Equivalent AASB Standard**	**Assessment of R&M differences**	**Recommend ation (Retain/Add / Remove)**	**Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)**
(c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments classified as cash equivalents or held for dealing or trading); (d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments classified as cash equivalents or held for dealing or trading); (e) cash advances and loans made to other parties; (f) cash receipts from the repayment of advances and loans made to other parties; (g) cash payments for futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the payments are classified as financing activities; and (h) cash receipts from futures contracts, forward contracts,				classified as cash equivalents or held for dealing or trading); (e) cash advances and loans made to other parties; (f) cash receipts from the repayment of advances and loans made to other parties; (g) cash payments for futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the payments are classified as financing activities; and (h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading, or the receipts are classified as financing activities. When a contract is accounted for as a hedge (see ~~Section 12 Other *Financial* Issues~~ AASB 9 and AASB 139 *Financial Instruments: Recognition and Measurement*), an entity shall classify the cash flows of the contract in the same manner as the cash flows of the item being hedged. **Financing activities**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
option contracts and swap contracts, except when the contracts are held for dealing or trading, or the receipts are classified as financing activities. When a contract is accounted for as a hedge (see Section 12 Other Financial Instrument Issues), an entity shall classify the cash flows of the contract in the same manner as the cash flows of the item being hedged. **Financing activities** 7.6 Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of an entity. Examples of cash flows arising from financing activities are: (a) cash proceeds from issuing shares or other equity instruments; (b) cash payments to owners to acquire or redeem the entity's shares; (c) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-term or long-term borrowings;				7.6 Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of an entity. Examples of cash flows arising from financing activities are: (a) cash proceeds from issuing shares or other equity instruments; (b) cash payments to owners to acquire or redeem the entity's shares; (c) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short-term or long-term borrowings; (d) cash repayments of amounts borrowed; and (e) cash payments by a lessee for the reduction of the outstanding liability relating to a ~~finance~~ lease. **Reporting cash flows from operating activities** 7.7 An entity shall present cash flows from operating activities using either: (a) the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments and items of

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(d) cash repayments of amounts borrowed; and (e) cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease. **Reporting cash flows from operating activities** 7.7 An entity shall present cash flows from operating activities using either: (a) the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows; or (b) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed. **Indirect method** 7.8 Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of:				income or expense associated with investing or financing cash flows; or (b) the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed. **Indirect method** 7.8 Under the indirect method, the net cash flow from operating activities is determined by adjusting profit or loss for the effects of: (a) changes during the period in inventories and operating receivables and payables; (b) non-cash items such as depreciation, provisions, deferred tax, accrued income (expenses) not yet received (paid) in cash, unrealised foreign currency gains and losses, undistributed profits of associates and non-controlling interests; and (c) all other items for which the cash effects relate to investing or financing. <u>Aus7.8.1 Alternatively, the net cash flow from operating activities may be presented under the indirect method by showing the revenues and expenses disclosed in the statement of comprehensive income and the changes during the</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(a) changes during the period in inventories and operating receivables and payables; (b) non-cash items such as depreciation, provisions, deferred tax, accrued income (expenses) not yet received (paid) in cash, unrealised foreign currency gains and losses, undistributed profits of associates and non-controlling interests; and (c) all other items for which the cash effects relate to investing or financing. **Direct method** 7.9 Under the direct method, net cash flow from operating activities is presented by disclosing information about major classes of gross cash receipts and gross cash payments. Such information may be obtained either: (a) from the accounting records of the entity; or (b) by adjusting sales, cost of sales and other items in the statement of comprehensive income (or the				period in inventories and operating receivables and payables. **Direct method** 7.9 Under the direct method, net cash flow from operating activities is presented by disclosing information about major classes of gross cash receipts and gross cash payments. Such information may be obtained either: (a) from the accounting records of the entity; or (b) by adjusting sales, cost of sales and other items in the statement of comprehensive income (or the income statement, if presented) for: (i) changes during the period in inventories and operating receivables and payables; (ii) other non-cash items; and (iii) other items for which the cash effects are investing or financing cash flows. **Reporting cash flows from investing and financing activities** 7.10 An entity shall present separately major classes of gross cash receipts and gross cash payments arising from investing and

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
income statement, if presented) for: (i) changes during the period in inventories and operating receivables and payables; (ii) other non-cash items; and (iii) other items for which the cash effects are investing or financing cash flows. **Reporting cash flows from investing and financing activities** 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. **Foreign currency cash flows** 7.11 An entity shall record cash flows arising from transactions in a foreign currency in the entity's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the				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. **<u>Reporting cash flows on a net basis</u>** <u>Aus7.10.1 Cash flows arising from the following operating, investing or financing activities may be reported on a net basis:</u> <u>(a) cash receipts and payments on behalf of customers when the cash flows reflect the activities of the customer rather than those of the entity; and</u> <u>(b) cash receipts and payments for items in which the turnover is quick, the amounts are large, and the maturities are short.</u> <u>Aus7.10.2 Examples of cash receipts and payments referred to in paragraph Aus7.10.1(a) are:</u> <u>(a) the acceptance and repayment of demand deposits of a bank;</u> <u>(b) funds held for customers by an investment entity; and</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
cash flow. Paragraph 30.19 explains when an exchange rate that approximates the actual rate can be used. 7.12 The entity shall translate cash flows of a foreign subsidiary at the exchange rates between the entity's functional currency and the foreign currency at the dates of the cash flows. 7.13 Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash flows. However, to reconcile cash and cash equivalents at the beginning and the end of the period, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency must be presented in the statement of cash flows. Consequently, the entity shall remeasure cash and cash equivalents held during the reporting period (such as amounts of foreign currency held and foreign currency bank accounts) at period-end exchange rates. The entity shall present the resulting unrealised gain or loss separately from cash flows from operating, investing and financing activities.				(c) rents collected on behalf of, and paid over to, the owners of properties. Aus7.10.3 Examples of cash receipts and payments referred to in paragraph Aus7.10.1(b) are advances made for, and the repayment of: (a) principal amounts relating to credit card customers; (b) the purchase and sale of investments; and (c) other short-term borrowings, for example, those which have a maturity period of three months or less. Aus7.10.4 Cash flows arising from each of the following activities of a financial institution may be reported on a net basis: (a) cash receipts and payments for the acceptance and repayment of deposits with a fixed maturity date; (b) the placement of deposits with and withdrawal of deposits from other financial institutions; and

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Interest and dividends 7.14 An entity shall present separately cash flows from interest and dividends received and paid. The entity shall classify cash flows consistently from period to period as operating, investing or financing activities. 7.15 An entity may classify interest paid and interest and dividends received as operating cash flows because they are included in profit or loss. Alternatively, the entity may classify interest paid and interest and dividends received as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments. 7.16 An entity may classify dividends paid as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, the entity may classify dividends paid as a component of cash flows from operating activities because they are paid out of operating cash flows. **Income tax** 7.17 An entity shall present separately cash flows arising from income tax and shall classify them as cash flows from				(c) cash advances and loans made to customers and the repayment of those advances and loans. **Foreign currency cash flows** 7.11 An entity shall record cash flows arising from transactions in a foreign currency in the entity's functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow. Paragraph ~~30.19~~ 40 in AASB 121 explains when an exchange rate that approximates the actual rate can be used. 7.12 The entity shall translate cash flows of a foreign subsidiary at the exchange rates between the entity's functional currency and the foreign currency at the dates of the cash flows. 7.13 Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash flows. However, to reconcile cash and cash equivalents at the beginning and the end of the period, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency must be presented in the statement of cash flows. Consequently, the entity shall remeasure cash and cash

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
operating activities unless they can be specifically identified with financing and investing activities. When tax cash flows are allocated over more than one class of activity, the entity shall disclose the total amount of taxes paid. **Non-cash transactions** 7.18 An entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents. An entity shall disclose such transactions elsewhere in the financial statements in a way that provides all the relevant information about those investing and financing activities. 7.19 Many investing and financing activities do not have a direct impact on current cash flows even though they affect the capital and asset structure of an entity. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash flows in the current period. Examples of non-cash transactions are:				equivalents held during the reporting period (such as amounts of foreign currency held and foreign currency bank accounts) at period-end exchange rates. The entity shall present the resulting unrealised gain or loss separately from cash flows from operating, investing and financing activities. **Interest and dividends** 7.14 An entity shall present separately cash flows from interest and dividends received and paid. The entity shall classify cash flows consistently from period to period as operating, investing or financing activities. 7.15 An entity may classify interest paid and interest and dividends received as operating cash flows because they are included in profit or loss. Alternatively, the entity may classify interest paid and interest and dividends received as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments. 7.16 An entity may classify dividends paid as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, the entity may classify dividends paid as a component of cash

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(a) the acquisition of assets either by assuming directly related liabilities or by means of a finance lease; (b) the acquisition of an entity by means of an equity issue; and (c) the conversion of debt to equity. **Components of cash and cash equivalents** 7.20 An entity shall present the components of cash and cash equivalents and shall present a reconciliation of the amounts presented in the statement of cash flows to the equivalent items presented in the statement of financial position. However, an entity is not required to present this reconciliation if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position. **Other disclosures** 7.21 An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity. Cash and cash equivalents held				flows from operating activities because they are paid out of operating cash flows. **Income tax** 7.17 An entity shall present separately cash flows arising from income tax and shall classify them as cash flows from operating activities unless they can be specifically identified with financing and investing activities. When tax cash flows are allocated over more than one class of activity, the entity shall disclose the total amount of taxes paid. **Non-cash transactions** 7.18 An entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents. An entity shall disclose such transactions elsewhere in the financial statements in a way that provides all the relevant information about those investing and financing activities. 7.19 Many investing and financing activities do not have a direct impact on current cash flows even though they affect the capital and asset structure of an entity. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows because these items do not involve cash

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
by an entity may not be available for use by the entity because of, among other reasons, foreign exchange controls or legal restrictions.				flows in the current period. Examples of non-cash transactions are: (a) the acquisition of assets either by assuming directly related liabilities or by means of a ~~finance~~ lease; (b) the acquisition of an entity by means of an equity issue; and (c) the conversion of debt to equity. **Components of cash and cash equivalents** 7.20 An entity shall present the components of cash and cash equivalents and shall present a reconciliation of the amounts presented in the statement of cash flows to the equivalent items presented in the statement of financial position. However, an entity is not required to present this reconciliation if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position. **Other disclosures** 7.21 An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity. Cash and cash equivalents held by an entity may not

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				be available for use by the entity because of, among other reasons, foreign exchange controls or legal restrictions.
Section 8 **Notes to the Financial Statements** **Scope of this section** 8.1 This section sets out the principles underlying information that is to be presented in the notes to the financial statements and how to present it. Notes contain information in addition to that presented in the statement of financial position, the statement of comprehensive income (if presented), the income statement (if presented), the combined statement of income and retained earnings (if presented), the statement of changes in equity (if presented) and the statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of this Standard requires disclosures that are normally presented in the notes.	AASB 101 *Presentation of Financial Statements*	**Simplified** This standard prescribes presentation and disclosure requirements. There are no R&M principles. • Para 128 of AASB 101 states that the disclosures equivalent to paragraph 8.7 of IFRS for SMEs are not required for assets and liabilities measured at fair value based on a quoted price in an active market for an identical asset or liability. The IFRS for SMEs Standard does not contain this exemption.	**Retain** While there are no R&M differences, the AASB agreed that amendments made to paras 114 and 116 of AASB 101 as a result of the IASB's Disclosure Initiative should also be reflected in the Simplified Disclosure Standard. Para 8.4 has therefore been amended, a new para Aus8.4.1 has	**Section 8** **Notes to the Financial Statements** **Scope of this section** 8.1 This section sets out the principles underlying information that is to be presented in the notes to the financial statements and how to present it. Notes contain information in addition to that presented in the statement of financial position, the statement of comprehensive income (if presented), the income statement (if presented), the combined statement of income and retained earnings (if presented), the statement of changes in equity (if presented) and the statement of cash flows. Notes provide narrative descriptions or disaggregations of items presented in those statements and information about items that do not qualify for recognition in those statements. In addition to the requirements of this section, nearly every other section of this Standard requires disclosures that are normally presented in the notes. **Structure of the Notes**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Structure of the Notes 8.2 The notes shall: (a) present information about the basis of preparation of the financial statements and the specific accounting policies used, in accordance with paragraphs 8.5–8.7; (b) disclose the information required by this Standard that is not presented elsewhere in the financial statements; and (c) provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them. 8.3 An entity shall, as far as practicable, present the notes in a systematic manner. An entity shall cross-reference each item in the financial statements to any related information in the notes. 8.4 An entity normally presents the notes in the following order: (a) a statement that the financial statements have been prepared in			been added and the words 'summary of' have been removed from references to disclosure of accounting policies. The AASB further agreed to require the disclosure of audit fees for the reasons set out in BC62 of the ED.	8.2 The notes shall: (a) present information about the basis of preparation of the financial statements and the specific accounting policies used, in accordance with paragraphs 8.5–8.7; (b) disclose the information required by this Standard that is not presented elsewhere in the financial statements; and (c) provide information that is not presented elsewhere in the financial statements but is relevant to an understanding of any of them. 8.3 An entity shall, as far as practicable, present the notes in a systematic manner. An entity shall cross-reference each item in the financial statements to any related information in the notes. 8.4 ~~An entity normally presents the notes in the following order:~~ Examples of systematic ordering or grouping of the notes include: (a) giving prominence to the areas of its activities that the entity considers to be most relevant to an understanding of its financial performance and financial position, such as grouping

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
compliance with the IFRS for SMEs (see paragraph 3.3); (b) a summary of significant accounting policies applied (see paragraph 8.5); (c) supporting information for items presented in the financial statements, in the sequence in which each statement and each line item is presented; and (d) any other disclosures. **Disclosure of accounting policies** 8.5 An entity shall disclose the following in the summary of significant accounting policies: (a) the measurement basis (or bases) used in preparing the financial statements; and (b) the other accounting policies used that are relevant to an understanding of the financial statements. **Information about judgements** 8.6 An entity shall disclose, in the summary of significant accounting policies or other notes, the judgements, apart from those				<u>together information about particular operating activities;</u> <u>(b) grouping together information about items measured similarly such as assets measured at fair value; or</u> <u>(c) following the order of the line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position, such as:</u> <u>(i) statement of compliance with Australian Accounting Standards - Simplified Disclosures (see paragraph 3.3);</u> <u>(ii) significant accounting policies applied (see paragraph 8.5);</u> <u>(iii) supporting information for items presented in the statements of financial position and in the statement(s) of profit or loss and other comprehensive income, and in the statements of changes in equity and of cash flows, in the order in which each statement and each line item is presented; and</u> <u>(iv) other disclosures, including:</u> <u>(1) contingent liabilities (see 21.15) and unrecognised</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
involving estimations (see paragraph 8.7), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. **Information about key sources of estimation uncertainty** 8.7 An entity shall disclose in the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of: (a) their nature; and (b) their carrying amount as at the end of the reporting period.				contractual commitments; and (2) non-financial disclosures. ~~(a) a statement that the financial statements have been prepared in compliance with the IFRS for SMEs (see paragraph 3.3);~~ ~~(b) a summary of significant accounting policies applied (see paragraph 8.5);~~ ~~(c) supporting information for items presented in the financial statements, in the sequence in which each statement and each line item is presented; and~~ ~~(d) any other disclosures~~ Aus8.4.1 An entity may present notes providing information about the basis of preparation of the financial statements and specific accounting policies as a separate section of the financial statements. **Disclosure of accounting policies** 8.5 An entity shall disclose the following in the ~~summary of~~ significant accounting policies:

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				(a) the measurement basis (or bases) used in preparing the financial statements; and (b) the other accounting policies used that are relevant to an understanding of the financial statements. **Information about judgements** 8.6 An entity shall disclose, in the ~~summary of~~ significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 8.7), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements. **Information about key sources of estimation uncertainty** 8.7 An entity shall disclose in the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				(a) their nature; and (b) their carrying amount as at the end of the reporting period. **Audit fees** Aus8.7.1 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. Aus8.7.2 For paragraph Aus8.7.1 above, an entity shall describe the nature of other services.
Section 9 **Consolidated and Separate Financial Statements** **Disclosures in consolidated financial statements** 9.23 The following disclosures shall be made in consolidated financial statements: (a) the fact that the statements are consolidated financial statements;	AASB 3 *Business Combinations* AASB 10 *Consolidated Financial Statements* AASB 12 *Disclosure of*	**Modified** The following significant difference were noted (as per IFRS for SMEs module published by the IASB): **Definition of Control** • Both full IFRS Standards and the IFRS for SMEs Standard use 'control' to determine what is consolidated. However, the	**Remove** and **Add** While some differences are noted, the basic consolidation principles are still the same and hence	**Section 9** **Consolidated and Separate Financial Statements** **Disclosures in consolidated financial statements** 9.23 The following disclosures shall be made in consolidated financial statements: (a) the fact that the statements are consolidated financial statements;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(b) the basis for concluding that control exists when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power; (c) any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements; and (d) the nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans. 9.23A In addition to the disclosure requirements in Section 11, a parent entity shall disclose the carrying amount of investments in subsidiaries that are not consolidated (see	*Interests in Other Entities* AASB 127 *Separate Financial Statements*	definitions of control are different[6]. • Under the IFRS for SMEs Standard only currently exercisable potential voting rights are considered when assessing control. Potential voting rights may need to be considered under AASB 10 even if they are not currently exercisable. • IFRS for SME has presumption of control for >50% of voting rights. • There is no investment entities exemption from consolidation in IFRS for SMEs. **Requirement to prepare consolidated financial statements** • A parent applying the IFRS for SMEs Standard need not present consolidated financial statements if conditions in para 9.3 of IFRS for SMEs is met. But AASB 10 sets out different conditions which specify when a parent need not	disclosures can be largely retained. Add disclosure on how NCI has been measured to section 19. Remove the disclosures relating to subsidiaries held for sale (para 9.23) and combined financial statements (para 9.30) and retain the rest. Do not add disclosures	(b) the basis for concluding that control exists when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power; (c) any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements; and (d) the nature and extent of any significant restrictions (for example resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans. 9.23A ~~In addition to the disclosure requirements in Section 11 IFRS 9, a parent entity shall disclose the carrying amount of investments in subsidiaries that are not consolidated (see paragraphs 9.3A–9.3C) at the reporting date, in total, either in the statement of financial position or in the notes.~~ Deleted by the AASB.

6 The Glossary of terms of the IFRS for SMEs Standard (the Glossary) defines 'control (of an entity)' as 'The power to govern the financial and operating policies of an entity so as to obtain benefits from its activities'. In Appendix A to IFRS 10, which was issued in 2011, control of an entity is defined thus: 'An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee'. In other words, the definition in IFRS 10 consists of three elements: power; exposure to variable returns; and an investor's ability to use power to affect its amount of variable returns.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
paragraphs 9.3A–9.3C) at the reporting date, in total, either in the statement of financial position or in the notes. **Disclosures in separate financial statements** 9.27 When a parent, an investor in an associate or a venturer with an interest in a jointly controlled entity prepares separate financial statements, those separate financial statements shall disclose: (a) that the statements are separate financial statements; and (b) a description of the methods used to account for the investments in subsidiaries, jointly controlled entities and associates, and shall identify the consolidated financial statements or other primary financial statements to which they relate. **Disclosures in combined financial statements** 9.30 The combined financial statements shall disclose the following:		present consolidated financial statements. (Para 4 of AASB 10). **Non-controlling interest** • Applying paragraph 19.14 of the IFRS for SMEs Standard, non-controlling interest is measured 'at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.' This method is sometimes called the proportionate share method. Using this method, goodwill that is attributable to the non-controlling interest is not recognised. • Applying paragraph 19 of AASB 3, non-controlling interest is measured using either the full goodwill method or the proportionate share method. If the full goodwill method is used, at the acquisition date of a partly owned subsidiary, both goodwill and non-controlling interest are different from those calculated applying the IFRS for SMEs Standard.	regarding unconsolidated investment entities on the basis that the measurement of these investments at fair value through profit or loss will provide better information about liquidity and hence alleviate the need for additional disclosures. Staff also note the IASB's assessment that the investment entity exemption	**Disclosures in separate financial statements** 9.27 When a parent, an investor in an associate or a venturer with an interest in a ~~jointly controlled entity~~ joint venture prepares separate financial statements, those separate financial statements shall disclose: (a) that the statements are separate financial statements; and (b) a description of the methods used to account for the investments in subsidiaries, ~~jointly controlled entities~~ joint ventures and associates, and shall identify the consolidated financial statements or other primary financial statements to which they relate. **Disclosures in combined financial statements** ~~9.30 The combined financial statements shall disclose the following:~~ ~~(a) the fact that the financial statements are combined financial statements;~~ ~~(b) the reason why combined financial statements are prepared;~~ ~~(c) the basis for determining which entities are included in the combined financial statements;~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(a) the fact that the financial statements are combined financial statements; (b) the reason why combined financial statements are prepared; (c) the basis for determining which entities are included in the combined financial statements; (d) the basis of preparation of the combined financial statements; and (e) the related party disclosures required by Section 33 Related Party Disclosures.		**Separate financial statements** • Where separate financial statements of a parent are prepared in conformity with the IFRS for SMEs Standard, an entity is required to adopt a policy of accounting for its investment in subsidiaries, associates and jointly controlled entities either at cost less impairment or at fair value with changes in fair value being recognised in profit or loss, or by applying the equity method. Applying full IFRS Standards, however, an additional option exists in specified circumstances. An entity may elect to present changes in the fair value of an equity investment in other comprehensive income (instead of in profit or loss). **Combined financial statements** • The IFRS for SMEs Standard states that combined financial statements are a single set of financial statements of two or more entities under common	would be expected to have a limited practical impact on the majority of non-publicly accountable entities.	~~(d) the basis of preparation of the combined financial statements; and~~ ~~(e) the related party disclosures required by Section 33 Related Party Disclosures.~~ Deleted by the AASB.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		control (as described in paragraph 19.2(a)). Full IFRS Standards do not cover combined financial statements. **Uniform reporting period** • Both IFRS for SMEs and full IFRS have a requirement of uniform reporting period, unless 'impracticable'. In addition, full IFRS specifies 3 months as the maximum difference between the reporting dates. **Subsidiaries acquired and held for sale** • Paragraph 9.3A of the IFRS for SMEs Standard provides that 'a subsidiary is not consolidated if it is acquired and is held with the intention of selling or disposing of it within one year from its acquisition date'. Such a subsidiary is accounted for in accordance with the requirements in Section 11 (at fair value through profit or loss, or if it cannot be measured without undue cost or effort, at cost less impairment). Under full IFRS Standards, such subsidiaries		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		would need to be consolidated, but its results and assets and liabilities would be measured and presented in accordance with AASB 5 if they meet the criteria of a disposal group classified as held for sale. IFRS for SMEs does not include any guidance equivalent to AASB 5. **Investment retained in former subsidiary** • Applying full IFRS Standards, when a parent ceases to control its former subsidiary but nevertheless continues to hold an investment in it, any such investment will be measured at fair value. That measurement will be regarded as the fair value on initial recognition of a financial asset in accordance with AASB 9, or the cost on initial recognition of an investment in an associate or joint venture, if applicable. Under paragraph 9.19 of the IFRS for SMEs Standard, the carrying amount 'at the date that the entity ceases to be a subsidiary shall be regarded as the cost on initial measurement of the financial asset' which is		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		accounted for either as a financial asset in accordance with Section 11 or 12, or as investments in an associate or joint venture, in which case Section 14 or 15 applies.		
Section 10 **Accounting Policies, Estimates and Errors** **Disclosure of a change in accounting policy** 10.13 When an amendment to this Standard 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: (a) the nature of the change in accounting policy; (b) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected; (c) the amount of the adjustment relating to periods before those	AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*	No significant difference	Retain	**Section 10** **Accounting Policies, Estimates and Errors** **Disclosure of a change in accounting policy** 10.13 When ~~an amendment to this Standard~~ initial application of an Australian Accounting Standard 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: (a) the nature of the change in accounting policy; (b) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected; (c) the amount of the adjustment relating to periods before those

presented, to the extent practicable; and (d) an explanation if it is impracticable to determine the amounts to be disclosed in (b) or (c). Financial statements of subsequent periods need not repeat these disclosures. 10.14 When a voluntary change in accounting policy has an effect on the current period or any prior period, an entity shall disclose the following: (a) the nature of the change in accounting policy; (b) the reasons why applying the new accounting policy provides reliable and more relevant information; (c) to the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately: (i) for the current period; (ii) for each prior period presented; and (iii) in the aggregate for periods before those presented. (d) an explanation if it is impracticable to determine				presented, to the extent practicable; and (d) an explanation if it is impracticable to determine the amounts to be disclosed in (b) or (c). Financial statements of subsequent periods need not repeat these disclosures. 10.14 When a voluntary change in accounting policy has an effect on the current period or any prior period, an entity shall disclose the following: (a) the nature of the change in accounting policy; (b) the reasons why applying the new accounting policy provides reliable and more relevant information; (c) to the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately: (i) for the current period; (ii) for each prior period presented; and (iii) in the aggregate for periods before those presented. (d) an explanation if it is impracticable to determine the amounts to be disclosed in (c). Financial statements of subsequent periods need not repeat these disclosures. **Disclosure of a change in estimate**

the amounts to be disclosed in (c). Financial statements of subsequent periods need not repeat these disclosures. **Disclosure of a change in estimate** 10.18 An entity shall disclose the nature of any change in an accounting estimate and the effect of the change on assets, liabilities, income and expense for the current period. If it is practicable for the entity to estimate the effect of the change in one or more future periods, the entity shall disclose those estimates. **Disclosure of prior period errors** 10.23 An entity shall disclose the following about prior period errors: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected; (c) to the extent practicable, the amount of the correction at the beginning of the earliest prior period presented; and (d) an explanation if it is not practicable to determine the				10.18 An entity shall disclose the nature of any change in an accounting estimate and the effect of the change on assets, liabilities, income and expense for the current period. If it is practicable for the entity to estimate the effect of the change in one or more future periods, the entity shall disclose those estimates. **Disclosure of prior period errors** 10.23 An entity shall disclose the following about prior period errors: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected; (c) to the extent practicable, the amount of the correction at the beginning of the earliest prior period presented; and (d) an explanation if it is not practicable to determine the amounts to be disclosed in (b) or (c). Financial statements of subsequent periods need not repeat these disclosures.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
amounts to be disclosed in (b) or (c). Financial statements of subsequent periods need not repeat these disclosures.				
Section 11 **Basic Financial Instruments** **Disclosures** 11.39 The following disclosures make reference to disclosures for financial liabilities measured at fair value through profit or loss. Entities that have only basic financial instruments (and therefore do not apply Section 12) will not have any financial liabilities measured at fair value through profit or loss and hence will not need to provide such disclosures. **Disclosure of accounting policies for financial instruments** 11.40 In accordance with paragraph 8.5, an entity shall disclose, in the summary of significant accounting policies, the measurement basis (or bases) used for financial instruments and the other accounting policies used for financial instruments that are	AASB 139 *Financial Instruments: Recognition and Measurement* **(Hedging section only para 72-102)** AASB 9 *Financial Instruments* AASB 7 *Financial Instruments: Disclosures*	**Significant Difference** A new IFRS Standard (i.e. IFRS 9/AASB 9) is effective but not incorporated into IFRS for SMEs. • There are three measurement categories in AASB 9 such as FVTPL, FVTOCI and Amortised cost. IFRS for SMEs has an option to apply AASB 139 but not allowed to use AASB 9. Thus excludes FVTOCI, restricted application of amortised costs to basic instruments only and all others are generally FVTPL. • However, Initial recognition at fair value and transaction costs and subsequent recognition at amortised cost using effective interest rate or fair value are consistent with the full IFRS. The following detailed differences are noted as per IFRS for SMEs module published by the IASB:	**Add** Disclosures can largely be retained based on the analysis below. However, categories of financial instruments in para 11.41 need to be revised to reflect categories in AASB 9 and disclosure of net gains/losses recognised in OCI need to be added to para 11.48.	**Section 11** **Basic Financial Instruments** <u>**Disclosures**</u> <u>Aus11.38.1 The disclosures required in Section 11 apply to all financial instruments within the scope of AASB 9. In addition, if the entity uses hedge accounting, it shall make the additional disclosures in paragraphs 12.27–12.29.</u> ~~**Disclosures**~~ 11.39 ~~The following disclosures make reference to disclosures for financial liabilities measured at fair value through profit or loss. Entities that have only basic financial instruments (and therefore do not apply Section 12) will not have any financial liabilities measured at fair value through profit or loss and hence will not need to~~

relevant to an understanding of the financial statements. **Statement of financial position—categories of financial assets and financial liabilities** 11.41 An entity shall disclose the carrying amounts of each of the following categories of financial assets and financial liabilities at the reporting date, in total, either in the statement of financial position or in the notes: (a) financial assets measured at fair value through profit or loss (paragraph 11.14(c)(i) and paragraphs 12.8 and 12.9); (b) financial assets that are debt instruments measured at amortised cost (paragraph 11.14(a)); (c) financial assets that are equity instruments measured at cost less impairment (paragraph 11.14(c)(ii) and paragraphs 12.8 and 12.9); (d) financial liabilities measured at fair value through profit or loss (paragraphs 12.8 and 12.9); (e) financial liabilities measured at amortised cost (paragraph 11.14(a)); and		• Unlike Sections 11 and 12, AASB 9 has three categories for classification: fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) and amortised cost (AC). AASB 9 does not permit any instruments to be measured at cost. • The classification of financial instruments under AASB 9 is based on the contractual cash flows of the instrument as well as the business model in which it is held. Those criteria are different to the criteria used for classification of financial instruments in Section 11. • Generally, applying AASB 9, the classification is mandatory based on the aforementioned criteria. However, there are some exceptions. An entity can, for example, elect to designate a financial instrument at FVTPL if certain criteria are met. This option is not available in the IFRS for SMEs Standard. • Section 11 requires instruments to be measured at transaction price unless the arrangement constitutes a financing transaction, in which case the cash flows from the instrument are discounted. Under AASB 9,	IFRS 7 disclosures are divided into three main categories: Significance, risk and transfers. Section 11 includes many of the 'significance' disclosures in AASB 7. However, the IFRS for SMEs Standard includes none of the 'risk' disclosures in IFRS 7. The only disclosure from AASB 7 relating to 'transfers' that is included in the IFRS for SMEs Standard relates to transfers of	~~provide such disclosures.~~ Deleted by the AASB **Disclosure of accounting policies for financial instruments** 11.40 In accordance with paragraph 8.5, an entity shall disclose, in the ~~summary of~~ significant accounting policies, the measurement basis (or bases) used for financial instruments and the other accounting policies used for financial instruments that are relevant to an understanding of the financial statements. **Statement of financial position—categories of financial assets and financial liabilities** 11.41 An entity shall disclose the carrying amounts of each of the following categories of financial assets and financial liabilities at the reporting date, in total, either in the statement of financial position or in the notes: (a) financial assets measured at fair value through profit or loss ~~(paragraph 11.14(c)(i) and paragraphs 12.8 and 12.9)~~; (b) financial assets ~~that are debt instruments~~ measured at amortised cost ~~(paragraph 11.14(a));~~ (c) ~~financial assets that are equity instruments measured at cost less impairment (paragraph 11.14(c)(ii) and paragraphs 12.8 and 12.9);~~ Deleted by the AASB

(f) loan commitments measured at cost less impairment (paragraph 11.14(b)). 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). 11.43 For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, for example, 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. 11.44 If a reliable measure of fair value is no longer available, or is not available without undue cost or effort when		financial instruments are initially measured at fair value. In practice, the different terminology is unlikely to result in any significant difference in value on initial recognition. • Section 11 establishes a simple principle for derecognition. That principle does not rely on the 'pass-through' and 'continuing involvement' provisions that apply to derecognition under AASB 9. The derecognition provisions of the IFRS for SMEs Standard would not result in derecognition for some factoring transactions that a small or medium-sized entity may enter into, whereas AASB 9 would result in derecognition. • The impairment model in AASB 9 is based on expected losses and is therefore significantly different from the impairment model in Section 11, which is based on incurred losses. Applying AASB 9, if credit risk has increased significantly since initial recognition, the entity has to provide for the lifetime expected losses of the instrument. For all other instruments, an entity has to provide for the losses expected within 12 months of the	financial assets that do not qualify for de-recognition. As per IFRS for SMEs module 12, page 75, AASB 7 disclosures are excluded from the IFRS for SME standard on the basis that many of the AASB 7 disclosures are designed for financial institutions and entities whose securities trade in public capital markets (which are both ineligible to use IFRS for SMEs).	(d) financial liabilities measured at fair value through profit or loss ~~(paragraphs 12.8 and 12.9)~~; (e) financial liabilities measured at amortised cost. ~~(paragraph 11.14(a))~~; and (f) ~~loan commitments measured at cost less impairment (paragraph 11.14(b)).~~ <u>Aus11.41(g) financial assets measured at fair value through other comprehensive income, showing separately:</u> <u>(i) financial assets that are measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9; and</u> <u>(ii) investments in equity instruments designated as such upon initial recognition in accordance with paragraph 5.7.5 of AASB 9.</u> 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

such an exemption is provided, for any financial instruments that would otherwise be required to be measured at fair value through profit or loss in accordance with this Standard, the entity shall disclose that fact, the carrying amount of those financial instruments and, if an undue cost or effort exemption has been used, the reasons why a reliable fair value measurement would involve undue cost or effort. **Derecognition** 11.45 If an entity has transferred financial assets to another party in a transaction that does not qualify for derecognition (see paragraphs 11.33–11.35), the entity shall disclose the following for each class of such financial assets: (a) the nature of the assets; (b) the nature of the risks and rewards of ownership to which the entity remains exposed; and (c) the carrying amounts of the assets and of any associated liabilities that the entity continues to recognise. **Collateral** 11.46 When an entity has pledged financial assets as collateral for liabilities or		year end on a probability-weighted basis. • However, the requirements in AASB 9 for financial liabilities are similar to those of Section 11. Refer to section 12 also for further differences.	The IFRS further decided not to require disclosures such as FVs for all financial instruments measured at amortised cost, as this would be burdensome for SMEs and contrary to the objective of section 11, which is using amortised cost for all basic financial instruments. Similar consideratio ns should apply when considering whether, or to what extent disclosures need to be	restrictions that the debt instrument imposes on the entity). 11.43 For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, for example, 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. 11.44 ~~If a reliable measure of fair value is no longer available, or is not available without undue cost or effort when such an exemption is provided, for any financial instruments that would otherwise be required to be measured at fair value through profit or loss in accordance with this Standard, the entity shall disclose that fact, the carrying amount of those financial instruments and, if an undue cost or effort exemption has been used, the reasons why a reliable fair value measurement would involve undue cost or effort.~~ Deleted by the AASB **Derecognition** 11.45 If an entity has transferred financial assets to another party in a transaction that does not qualify for derecognition (see

contingent liabilities, it shall disclose the following: (a) the carrying amount of the financial assets pledged as collateral; and (b) the terms and conditions relating to its pledge. **Defaults and breaches on loans payable** 11.47 For loans payable recognised at the reporting date for which there is a breach of terms or a default of principal, interest, sinking fund or redemption terms that have not been remedied by the reporting date, an entity shall disclose the following: (a) details of that breach or default; (b) the carrying amount of the related loans payable at the reporting date; and (c) whether the breach or default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue. **Items of income, expense, gains or losses** 11.48 An entity shall disclose the following items of income, expense, gains or losses:			added as a result of the R&M differences. On that basis, the IFRS for SME-based disclosures should also only include those disclosures that cover 'significance' of financial instruments, and the limited disclosures for transfers of financial assets that do not qualify for de-recognition. As a result AASB 7 will be replaced in its entirety by Section 11 and 12.	paragraph ~~section 11.33–11.35~~ 3.2.15 of AASB 9), the entity shall disclose the following for each class of such financial assets: (a) the nature of the assets; (b) the nature of the risks and rewards of ownership to which the entity remains exposed; and (c) the carrying amounts of the assets and of any associated liabilities that the entity continues to recognise. **Collateral** 11.46 When an entity has pledged financial assets as collateral for liabilities or contingent liabilities, it shall disclose the following: (a) the carrying amount of the financial assets pledged as collateral; and (b) the terms and conditions relating to its pledge. **Defaults and breaches on loans payable** 11.47 For loans payable recognised at the reporting date for which there is a breach of terms or a default of principal, interest, sinking fund or redemption terms that have not been remedied by the reporting date, an entity shall disclose the following: (a) details of that breach or default; (b) the carrying amount of the related loans payable at the reporting date; and

(a) income, expense, gains or losses, including changes in fair value, recognised on: (i) financial assets measured at fair value through profit or loss; (ii) financial liabilities measured at fair value through profit or loss; (iii) financial assets measured at amortised cost; and (iv) financial liabilities measured at amortised cost. (b) total interest income and total interest expense (calculated using the effective interest method) for financial assets or financial liabilities that are not measured at fair value through profit or loss; and (c) the amount of any impairment loss for each class of financial asset.			Paragraph 11.39 has been deleted by the AASB as it is not relevant in the context of the different R&M requirement of AASB 9.	(c) whether the breach or default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue. **Items of income, expense, gains or losses** 11.48 An entity shall disclose the following items of income, expense, gains or losses: (a) income, expense, gains or losses, including changes in fair value, recognised on: (i) financial assets measured at fair value through profit or loss; (ii) financial liabilities measured at fair value through profit or loss; (iii) financial assets measured at amortised cost; ~~and~~ (iv) financial liabilities measured at amortised cost. <u>Aus11.48(a)(v)</u> <u>investments in equity instruments designated at fair value through other comprehensive income in accordance with paragraph 5.7.5 of AASB 9; and</u> <u>Aus11.48(a)(vi)</u> <u>financial assets measured at fair value through other comprehensive income in accordance with paragraph 4.1.2A of AASB 9, showing separately the amount of gain</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				<u>or loss recognised in other comprehensive income during the period and the amount reclassified upon derecognition from accumulated other comprehensive income to profit or loss for the period.</u> (b) total interest income and total interest expense (calculated using the effective interest method) for financial assets or financial liabilities that are not measured at fair value through profit or loss; and (c) the amount of any impairment loss for each class of financial asset.
Section 12 **Other Financial Instrument Issues** **Disclosures** 12.26 An entity applying this section shall make all of the disclosures required in Section 11 incorporating in those disclosures financial instruments that are within the scope of this section as well as those within the scope of Section 11. In addition, if the entity uses hedge accounting, it shall make	AASB 139 *Financial Instruments: Recognition and Measurement* **(Hedging section only para 72-102)** AASB 9 *Financial Instruments*	**Significant Difference** A new IFRS Standard (i.e. AASB 9/ IFRS 9) is effective but not incorporated into IFRS for SMEs. • Refer to section 11 for key differences. Further differences relevant to 'Other Financial Instruments' as per IFRS for SMEs module are as follows: • Under section 12, financial instruments must be measured at	**Retain** The only disclosures required by Section 12 that are additional to those required in Section 11 are disclosures for entities	**Section 12** **Other Financial Instrument Issues <u>– Hedging Disclosures</u>** **Disclosures** 12.26 ~~An entity applying this section shall make all of the disclosures required in Section 11 incorporating in those disclosures financial instruments that are within the scope of this section as well as those within the scope of Section 11. In addition, if the entity uses hedge accounting, it shall make the additional~~

the additional disclosures in paragraphs 12.27–12.29. 12.27 An entity shall disclose the following separately for hedges of each of the four types of risks described in paragraph 12.17: (a) a description of the hedge; (b) a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and (c) the nature of the risks being hedged, including a description of the hedged item. 12.28 If an entity uses hedge accounting for a hedge of fixed interest rate risk or commodity price risk of a commodity held (paragraphs 12.19–12.22) it shall disclose the following: (a) the amount of the change in fair value of the hedging instrument recognised in profit or loss for the period; and (b) the amount of the change in fair value of the hedged item recognised in profit or loss for the period. 12.29 If an entity uses hedge accounting for a hedge of variable interest rate risk, foreign exchange risk, commodity price risk in a firm commitment or highly probable forecast transaction	AASB 7 *Financial Instruments: Disclosures*	FVPL, except for equity instruments whose FV is not reliably measurable. AASB 9 has three categories for the classification and measurement of financial assets: fair value through profit or loss, fair value through other comprehensive income and amortised cost. AASB 9 does not permit any instruments to be measured at cost. The classification and measurement of financial assets applying AASB 9 is based on the contractual cash flows characteristics of the asset as well as on the business model in which it is held. Such criteria are different to the criteria used for classification of financial instruments in Section 12. • The requirements in AASB 9 for financial liabilities are similar to those of Section 12. • In accordance with paragraph 7.2.21 of AASB 9, an entity may choose as its accounting policy to continue to apply the hedge accounting requirements in AASB 139 instead of the requirements in AASB 9. • AASB 9 makes more hedging relationships eligible for hedge accounting than does Section 12. For example, applying AASB 9, an entity can designate non-derivative financial instruments	applying hedge accounting. The differences in hedge accounting noted on the left, relate mainly to the types of hedging instruments that can be used. This will need to be reflected in the wording of the disclosures (see paras 12.28 and 12.29), but would not affect the disclosures as such. While IFRS for SMEs do not permit inclusion of a hedging gain or loss in the cost of a	~~disclosures in paragraphs 12.27–12.29.~~Deleted by the AASB 12.27 An entity shall disclose the following separately for each category of risk exposures that it decides to hedge~~s~~ and for which hedge accounting is applied: ~~of each of the four types of risks described in paragraph 12.17:~~ (a) a description of the hedge; (b) a description of the financial instruments designated as hedging instruments and their fair values at the reporting date; and (c) the nature of the risks being hedged, including a description of the hedged item. 12.28 ~~If an entity uses hedge accounting for a hedge of fixed interest rate risk or commodity price risk of a commodity held (paragraphs 12.19–12.22) it~~ For fair value hedges, the entity shall disclose the following: (a) the amount of the change in fair value of the hedging instrument recognised in profit or loss for the period; and (b) the amount of the change in fair value of the hedged item recognised in profit or loss for the period. 12.29 ~~If an entity uses hedge accounting for a hedge of variable interest rate risk, foreign exchange risk, commodity price risk in a firm commitment or highly~~

or a net investment in a foreign operation (paragraphs 12.23–12.25), it shall disclose the following: (a) the periods when the cash flows are expected to occur and when they are expected to affect profit or loss; (b) a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur; (c) the amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period (paragraph 12.23); (d) the amount that was reclassified to profit or loss for the period (paragraphs 12.23 and 12.25); and (e) the amount of any excess of the cumulative change in fair value of the hedging instrument over the cumulative change in the fair value of the expected cash flows that was recognised in profit or loss for the period (paragraph 12.23).		as hedging instruments if they are classified as fair value through profit or loss. Also, hedged items can be groups of financial instruments and even include zero-positions or aggregated derivative and non-derivative instruments. • Under AASB 9, an entity cannot decide to revoke a hedge designation. Such designations can be revoked only if the risk management objective for that designated hedging relationship changes. • Hedge accounting under section 12 focuses on the types of hedging that SMEs are likely to use and only allows hedge accounting for particular risks. The conditions for recognition and measurement of hedge ineffectiveness are less strict than under AASB 139 or AASB 9. • Section 12 permits hedge accounting only if the hedging instrument is one of four instruments listed in paragraph 12.18. • The rules of accounting for cash flow and FV hedges are the largely the same as under AASB 139 and AASB 9, except that section 12 does not permit inclusion of a hedging gain or loss in the cost of a non-financial asset or liability. Under AASB 9,	non-financial asset or liability, IFRS 7 does not requiredisclosure of any such amounts. On that basis, no disclosures will need to be added. Paragraph 12.26 needs to be edited to clarify that the disclosures in section 11 also apply to complex financial instruments and should be moved to the beginning of section 11.	~~probable forecast transaction or a net investment in a foreign operation (paragraphs 12.23–12.25), it~~ For cash flow hedges, an entity shall disclose the following: (a) the periods when the cash flows are expected to occur and when they are expected to affect profit or loss; (b) a description of any forecast transaction for which hedge accounting had previously been used, but which is no longer expected to occur; (c) the amount of the change in fair value of the hedging instrument that was recognised in other comprehensive income during the period ~~(paragraph 12.23);~~ (d) the amount that was reclassified to profit or loss for the period ~~(paragraphs 12.23 and 12.25);~~ and (e) the amount of any excess of the cumulative change in fair value of the hedging instrument over the cumulative change in the fair value of the expected cash flows that was recognised in profit or loss for the period ~~(paragraph 12.23).~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		such amounts are no longer shown as reclassification adjustment in OCI (see paragraph 6.5.11(d) (i)).		
Section 13 **Inventories** **Disclosures** 13.22 An entity shall disclose the following: (a) the accounting policies adopted in measuring inventories, including the cost formula used; (b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity; (c) the amount of inventories recognised as an expense during the period; (d) impairment losses recognised or reversed in profit or loss in accordance with Section 27 Impairment of Assets; and (e) the total carrying amount of inventories pledged as security for liabilities.	AASB 102 *Inventories*	**No significant difference** The only minimal difference is that AASB 123 *Borrowing Costs* requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (including some inventories) to be capitalised as part of the cost of the asset. For cost-benefit reasons, Section 25 Borrowing Costs of the IFRS for SMEs Standard requires such costs to be charged to expense. However, there is no specific disclosures in AASB 102 with regard to this.	**Retain**	**Section 13** **Inventories** **Disclosures** 13.22 An entity shall disclose the following: (a) the accounting policies adopted in measuring inventories, including the cost formula used; (b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity; (c) the amount of inventories recognised as an expense during the period; (d) impairment losses recognised or reversed in profit or loss in accordance with ~~Section 27~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				~~*Impairment of Assets*~~ AASB 102 *Inventories*; and (e) the total carrying amount of inventories pledged as security for liabilities.
Section 14 **Investments in Associates** **Disclosures** 14.12 An entity shall disclose the following: (a) its accounting policy for investments in associates; (b) the carrying amount of investments in associates (see paragraph 4.2(j)); and (c) the fair value of investments in associates accounted for using the equity method for which there are published price quotations. 14.13 For investments in associates accounted for by the cost model, an investor shall disclose the amount of dividends and other distributions recognised as income. 14.14 For investments in associates accounted for by the equity method,	AASB 128 *Investment in Associates* AASB 12 *Disclosure of Interests in Other Entities*	**Modified** • The IFRS for SMEs Standard permits an entity to account for investments in associates in its main/primary financial statements using three different models - the equity method, the cost model and the fair value model (excl transaction cost). If there is a published price, must use FV model. The chosen model is applied to all investments in associates. Full IFRS Standards require investments in associates to be accounted for using the equity method in an investor's primary financial statements, unless exempted from preparing consolidated financial statements (para 17) or the exception in para 18 applies (venture capital organisations etc.). Also permits recognition at cost or FV in the separate financial statements.	**Retain/ Remove** While some differences in the application of the equity method are identified, this should not affect the associated disclosures. However, disclosures in IFRS for SMEs relating to the undue cost or effort exemptions will need to be deleted.	**Section 14** **Investments in Associates** **Disclosures** 14.12 An entity shall disclose the following: (a) its accounting policy for investments in associates; (b) the carrying amount of investments in associates (see paragraph 4.2(j)); and (c) the fair value of investments in associates accounted for using the equity method for which there are published price quotations. 14.13 For investments in associates accounted for by the cost model, an investor shall disclose the amount of dividends and other distributions recognised as income. 14.14 For investments in associates accounted for by the equity method, an investor shall disclose separately its share of the profit or loss of such associates and its share of

an investor shall disclose separately its share of the profit or loss of such associates and its share of any discontinued operations of such associates. 14.15 For investments in associates accounted for by the fair value model, an investor shall make the disclosures required by paragraphs 11.41–11.44. If an investor applies the undue cost or effort exemption in paragraph 14.10 for any associates it shall disclose that fact, the reasons why fair value measurement would involve undue cost or effort and the carrying amount of investments in associates accounted for under the cost model.		There are a few differences between the equity method in Section 14 and that in AASB 128 (as per FRS for SMEs module published by the IASB), including: • The IFRS for SMEs Standard includes an impracticability exemption from the requirement that the investor makes adjustments to the associate's financial statements to reflect the investor's accounting policies. Full IFRS Standards do not have such an exemption. • If it is impracticable for the financial statements of the associate to be prepared as of the same date as the financial statements of the investor, both full IFRS Standards and the IFRS for SMEs Standard require the most recent available financial statements of the associate to be used. Full IFRS Standards further requires the difference between the end of the reporting period of the associate and that of the investor to be no more than three months. The IFRS for SMEs Standard doesn't include a three-month limit on the difference between the reporting dates. • the IFRS for SMEs Standard requires that implicit goodwill be systematically amortised over its expected useful life. Full IFRS	Staff note that RDR entities do not currently need to disclose the amount of dividends and other distributions regognised as income (para 14.13). However, staff have retained this requirement consistent with the general principle to keep differences to the IFRS for SMEs standard at a minimum.	any discontinued operations of such associates. 14.15 For investments in associates accounted for by the fair value model, an investor shall make the disclosures required by paragraphs 11.41–11.43~~11.44. If an investor applies the undue cost or effort exemption in paragraph 14.10 for any associates it shall disclose that fact, the reasons why fair value measurement would involve undue cost or effort and the carrying amount of investments in associates accounted for under the cost model.~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		Standards do not allow the amortisation of goodwill. • if an investor loses significant influence for reasons other than a partial disposal of its investment, the IFRS for SMEs Standard requires the investor to regard the carrying amount of the investment at that date as a new cost basis for accounting using Sections 11 or 12. Full IFRS Standards would require the retained investment to be remeasured to fair value. • when an entity discontinues use of the equity method, full IFRS Standards require the entity to account for all amounts previously recognised in other comprehensive income in relation to that investment on the same basis as would have been required if the investee had directly disposed of the related assets or liabilities. The IFRS for SMEs Standard does not have a similar requirement.		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Section 15 **Investments in Joint Ventures** **Disclosures** 15.19 An entity shall disclose the following: (a) the accounting policy it uses for recognising its interests in jointly controlled entities; (b) the carrying amount of investments in jointly controlled entities (see paragraph 4.2(k)); (c) the fair value of investments in jointly controlled entities accounted for using the equity method for which there are published price quotations; and (d) the aggregate amount of its commitments relating to joint ventures, including its share in the capital commitments that have been incurred jointly with other venturers, as well as its share of the capital commitments of the joint ventures themselves. 15.20 For jointly controlled entities accounted for in accordance with the equity method, the venturer shall	AASB 11 *Joint Arrangements* AASB 128 *Investments in Associates and Joint Ventures* AASB 12 *Disclosure of Interests in Other Entities*	**Modified** IFRS for SMEs standard is not updated for IFRS 11/ AASB 11. The following key differences were noted as per IFRS for SMEs module published by the IASB: • The accounting requirements in the IFRS for SMEs Standard are determined by the form of the joint venture—i.e. whether it is a jointly controlled asset; a jointly controlled operation; or a jointly controlled entity. In addition, the IFRS for SMEs Standard permits an entity to choose one of three different models to account for investments in jointly controlled entities in its primary financial statements—the equity method; the cost model; and the fair value model. The chosen model is applied by a reporting entity to all its investments in jointly controlled entities. • In contrast, full IFRS Standards (AASB 11) requires the accounting for a joint arrangement to follow the substance of the arrangement. (A joint arrangement is defined in	**Remove** R&M differences relate primarily to more options being available. Remove disclosures that are directly related to those policy choices and retain the rest. Replace terminology in IFRS for SME standard with that used in full IFRS.	**Section 15** **Investments in Joint Ventures** **Disclosures** 15.19 An entity shall disclose the following: (a) the accounting policy it uses for recognising its interests in ~~jointly controlled entities~~ joint ventures; (b) the carrying amount of investments in ~~jointly controlled entities~~joint ventures (see paragraph 4.2(k)); (c) the fair value of investments in joint ventures~~ly controlled entities~~ accounted for using the equity method for which there are published price quotations; and (d) the aggregate amount of its commitments relating to joint ventures, including its share in the capital commitments that have been incurred jointly with other venturers, as well as its share of the capital commitments of the joint ventures themselves. 15.20 For joint ventures~~y controlled entities~~ accounted for in accordance with the equity method, the venturer shall also make the disclosures required by

also make the disclosures required by paragraph 14.14 for equity method investments. 15.21 For jointly controlled entities accounted for in accordance with the fair value model, the venturer shall make the disclosures required by paragraphs 11.41–11.44. If a venturer applies the undue cost or effort exemption in paragraph 15.15 for any jointly controlled entity it shall disclose that fact, the reasons why fair value measurement would involve undue cost or effort and the carrying amount of investments in jointly controlled entities accounted for under the cost model.		full IFRS Standards in a similar manner to the way that a joint venture is defined in the IFRS for SMEs Standard.) Under AASB 11, where an entity has rights to the assets and obligations for the liabilities of a joint arrangement, it accounts for those assets and liabilities, and where an entity has rights to the net assets of a joint arrangement, it accounts for those net assets using the equity method. • Interests in joint ventures can be recognised at cost or FV under full IFRS if the entity is exempt from consolidation as per AASB 128(17) or in the separate financial statements of the venturer. • Under the equity method, the IFRS for SMEs Standard requires that implicit goodwill be systematically amortised throughout its expected useful life (see paragraphs 15.13 and 14.8(c)). Full IFRS Standards does not allow the amortisation of goodwill (see AASB 128, paragraph 32(a)).		paragraph 14.14 for equity method investments. 15.21 For joint ventures~~ly controlled entities~~ accounted for in accordance with the fair value model, the venturer shall make the disclosures required by paragraphs 11.41–11.43 ~~11.44. If a venturer applies the undue cost or effort exemption in paragraph 15.15 for any jointly controlled entity it shall disclose that fact, the reasons why fair value measurement would involve undue cost or effort and the carrying amount of investments in jointly controlled entities accounted for under the cost model~~
Section 16 **Investment Property** **Disclosures**	AASB 140 *Investment Property*	**No significant differences** Following minimal differences are noted: • IFRS for SMEs requires entire property accounted as PPE in	**Retain** Section 16 does not have any disclosures	**Section 16** **Investment Property at fair value** **Disclosures**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
16.10 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 16.7): (a) the methods and significant assumptions applied in determining the fair value of investment property. (b) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued. If there has been no such valuation, that fact shall be disclosed. (c) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. (d) contractual obligations to purchase, construct or develop		accordance with Section 17.31 (e) if fair value cannot be reliably measured without undue cost or effort, whereas para 53 of AASB 140 only refers to reliable measurement, but not undue cost or effort. • Para 56 of AASB 140 refers to AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* for investment property held for sale that are measured under cost model. There is not such reference in IFRS for SMEs. • IFRS for SMEs has no guidance on disposal of investment properties (para 66-73 of AASB 140).	about investment properties held at cost (para 79 of AASB 140). However, the related disclosures are covered in the PPE section (para 17.31) in IFRS for SMEs. Thus no additional disclosures are required.	16.10 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss ~~(paragraph 16.7)~~ (paragraph 33 of AASB 140 *Investment Property*): (a) the methods and significant assumptions applied in determining the fair value of investment property. (b) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued. If there has been no such valuation, that fact shall be disclosed. (c) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. (d) contractual obligations to purchase, construct or develop investment

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
investment property or for repairs, maintenance or enhancements. (e) a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately: (i) additions, disclosing separately those additions resulting from acquisitions through business combinations; (ii) net gains or losses from fair value adjustments; (iii) transfers to and from investment property carried at cost less accumulated depreciation and impairment (see paragraph 16.8); (iv) transfers to and from inventories and owner-occupied property; and (v) other changes. This reconciliation need not be presented for prior periods.				property or for repairs, maintenance or enhancements. (e) a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately: (i) additions, disclosing separately those additions resulting from acquisitions through business combinations; (ii) net gains or losses from fair value adjustments; (iii) transfers to and from investment property carried at cost less accumulated depreciation and impairment (see paragraph ~~16.8~~ <u>57 of AASB 140</u>); (iv) transfers to and from inventories and owner-occupied property; and (v) other changes. This reconciliation need not be presented for prior periods. 16.11 In accordance with Section 20 the owner of an investment property provides lessors' disclosures about leases into

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
16.11 In accordance with Section 20, the owner of an investment property provides lessors' disclosures about leases into which it has entered. An entity that holds an investment property under a finance lease or operating lease provides lessees' disclosures for finance leases and lessors' disclosures for any operating leases into which it has entered.				which it has entered. ~~An entity that holds an investment property under a finance lease or operating lease provides lessees' disclosures for finance leases and lessors' disclosures for any operating leases into which it has entered~~. <u>A lessee that holds an investment property as a right-of-use asset provides lessees' disclosures as required by Section 20 leases for any leases into which it has entered.</u>
Section 17 **Property, Plant and Equipment** **Disclosures** 17.31 An entity shall disclose the following for each class of property, plant and equipment determined in accordance with paragraph 4.11(a) and separately for investment property carried at cost less accumulated depreciation and impairment: (a) the measurement bases used for determining the gross carrying amount; (b) the depreciation methods used; (c) the useful lives or the depreciation rates used;	AASB 116 *Property, Plant and Equipment*	**No significant differences** Following differences are noted: • Full IFRS Standards require an annual review of the residual value, useful life and depreciation method. The *IFRS for SMEs* Standard requires a review *only* if there is an indication that there has been a significant change since the last annual reporting date. • Full IFRS Standards state that the revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. The *IFRS for SMEs* Standard is silent on this.	**Retain** None of the R&M differences noted on the left would require any additional or different disclosures. Staff note that the disclosure in 17.33(d) is not currently required for Tier 2 entities under the RDR	**Section 17** **Property, Plant and Equipment <u>and Investment Property at Cost</u>** **Disclosures** 17.31 An entity shall disclose the following for each class of property, plant and equipment determined in accordance with paragraph 4.11(a) and separately for investment property carried at cost less accumulated depreciation and impairment: (a) the measurement bases used for determining the gross carrying amount; (b) the depreciation methods used; (c) the useful lives or the depreciation rates used;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions; (ii) disposals; (iii) acquisitions through business combinations; (iv) increases or decreases resulting from revaluations under paragraphs 17.15B–17.15D and from impairment losses recognised or reversed in other comprehensive income in accordance with Section 27; (v) transfers to and from investment property carried at fair value		• Full IFRS Standards require the items within a class of property, plant and equipment to be revalued simultaneously to avoid selective revaluation of assets and the reporting of amounts in the financial statements that are a mixture of costs and values as at different dates. The *IFRS for SMEs* Standard is silent on this. • Full IFRS Standards require borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised as part of the cost of that asset. The *IFRS for SMEs* Standard requires borrowing costs to be expensed when they are incurred. • Full IFRS Standards permit the cost model for bearer plants, a subset of biological assets. However, the *IFRS for SMEs* Standard does not address bearer plants specifically and requires the fair value model for those biological assets for which fair value is readily determinable without undue cost or effort and	framework. The option to use the revaluation model for PPE was only introduced into the IFRS for SMEs standard as part of the amendments made in 2015, but no reasons were provided in the BCs for requiring this disclosure. When the AASB previously discussed this requirement, it concluded that the revaluation model provides more	(d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; and (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions; (ii) disposals; (iii) acquisitions through business combinations; (iv) increases or decreases resulting from revaluations under paragraphs ~~17.15B–17.15D~~ 39 and 40 of AASB 116 and from impairment losses recognised or reversed in other comprehensive income in accordance with ~~Section 27~~ AASB 136 *Impairment of Assets*; (v) transfers to and from investment property carried at fair value through profit or loss (see paragraph ~~16.8~~ 57 of AASB 140);

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
through profit or loss (see paragraph 16.8); (vi) impairment losses recognised or reversed in profit or loss in accordance with Section 27; (vii) depreciation; and (viii) other changes. This reconciliation need not be presented for prior periods. **17.32** An entity shall also disclose the following: (a) the existence and carrying amounts of property, plant and equipment to which the entity has restricted title or that is pledged as security for liabilities; (b) the amount of contractual commitments for the acquisition of property, plant and equipment; and (c) if an entity has investment property whose fair value cannot be measured reliably without undue cost or effort it		the cost model for all other biological assets. • Full IFRS provides guidance on which fair value to use for exchanges of assets (para 24). The *IFRS for SMEs* Standard does not specify which fair value to use to measure the cost of the acquired asset. • Para 55 of AASB 116 requires that a non-current asset shall not be depreciated while it is classified as held for sale (AASB 5). There is no equivalent to AASB 5 in the *IFRS for SMEs* Standard. • The *IFRS for SMEs* Standard has no equivalent prohibition as provided in para 62A of AASB 116. (i.e. A depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate) (For differences related to impairment testing see section 27 Impairment of Assets)	relevant information and that additional information about the carrying amount at cost would not be relevant. Para 17.33(d) has therefore been deleted.	(vi) impairment losses recognised or reversed in profit or loss in accordance with ~~Section 27~~ <u>AASB 136</u>; (vii) depreciation; and (viii) other changes. This reconciliation need not be presented for prior periods. 17.32 An entity shall also disclose the following: (a) the existence and carrying amounts of property, plant and equipment to which the entity has restricted title or that is pledged as security for liabilities; (b) the amount of contractual commitments for the acquisition of property, plant and equipment; and (c) if an entity has investment property whose fair value cannot be measured reliably ~~without undue cost or effort~~ it shall disclose that fact and the reasons why fair value ~~measurement would involve undue cost or effort~~ <u>cannot be measured reliably</u> for those items of investment property.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
shall disclose that fact and the reasons why fair value measurement would involve undue cost or effort for those items of investment property. **17.33** If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following: (a) the effective date of the revaluation; (b) whether an independent valuer was involved; (c) the methods and significant assumptions applied in estimating the items' fair values; (d) for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model; and (e) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.				17.33 If items of property, plant and equipment are stated at revalued amounts, an entity shall disclose the following: (a) the effective date of the revaluation; (b) whether an independent valuer was involved; (c) the methods and significant assumptions applied in estimating the items' fair values; (d) ~~for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model;~~ and (e) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Section 18 **Intangible Assets other than Goodwill** **Disclosures** 18.27 An entity shall disclose the following for each class of intangible assets: (a) the useful lives or the amortisation rates used; (b) the amortisation methods used; (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; (d) the line item(s) in the statement of comprehensive income (and in the income statement, if presented) in which any amortisation of intangible assets is included; and (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions;	AASB 138 *Intangible Assets*	**Modified** Following modifications are noted: • Under full IFRS certain development cost can be capitalised if certain criteria are met (para 57-65), whereas development costs are expensed in IFRS for SMEs. **Subsequent recognition** • In AASB 138 there is an option to choose either cost model or revaluation model whereas in IFRS for SMEs allow cost model only. **Useful life** • Para 88 of AASB 138 states an entity shall assess whether the useful life of an intangible asset is finite or indefinite and, if finite, the length of, or number of production or similar units constituting, that useful life. But para 18.20 of IFRS for SMEs states if the useful life of an intangible asset cannot be established reliably, the life shall be determined based on management's best estimate but	**Add** Retain existing disclosures but add disclosures for revalued intangible assets, using the disclosures from para 17.33 as a basis. Also add requirement to disclose the reason for an intangible assets having an indefinite useful life based on AASB 140 para 122(a), as this option is not available	**Section 18** **Intangible Assets other than Goodwill** **Disclosures** 18.27 An entity shall disclose the following for each class of intangible assets: (a) the useful lives or the amortisation rates used; (b) the amortisation methods used; (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; (d) the line item(s) in the statement of comprehensive income (and in the income statement, if presented) in which any amortisation of intangible assets is included; and (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions; (ii) disposals; (iii) acquisitions through business combinations;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(ii) disposals; (iii) acquisitions through business combinations; (iv) amortisation; (v) impairment losses; and (vi) other changes. This reconciliation need not be presented for prior periods. 18.28An entity shall also disclose: (a) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements; (b) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 18.12): (i) the fair value initially recognised for these assets; and (ii) their carrying amounts. (c) the existence and carrying amounts of intangible assets to which the entity has restricted		shall not exceed ten years. Full IFRS does not have such a restriction. **Amortisation** • In IFRS for SMEs, amortisation period is reviewed when there is indications only. The following key differences were noted as per IFRS for SMEs module published by the IASB: • Full IFRS Standards require indefinite-lived intangible assets to be carried at cost less impairment loss, if any. The IFRS for SMEs Standard deems all intangible assets (including indefinite-lived intangible assets) to have finite lives and requires them to be amortised over their useful lives. • AASB 3 (2008) and AASB 138 Intangible Assets assume that if an intangible asset is separable or arises from contractual or other legal rights the reliable measurement criterion is always satisfied (see paragraph 33 of AASB 138) and do not provide undue cost or effort exemptions.	under IFRS for SMEs. Capitalised development expenditure would be captured in the reconciliation, so do not require extra disclosures. Staff also note that 18.29.1(d) is not currently required for Tier 2 entities under the RDR framework, but has been retained on the basis of minimising differences to the IFRS for SMEs standard.	(iv) amortisation; (v) impairment losses; and (vi) other changes. This reconciliation need not be presented for prior periods. 18.28An entity shall also disclose: (a) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements; (b) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44 of AASB 138 ~~18.12~~): (i) the fair value initially recognised for these assets; and (ii) their carrying amounts. (c) the existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities; and

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
title or that are pledged as security for liabilities; and (d) the amount of contractual commitments for the acquisition of intangible assets. 18.29 An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period (ie the amount of expenditure incurred internally on research and development that has not been capitalised as part of the cost of another asset that meets the recognition criteria in this Standard).		The IFRS for SMEs Standard states an intangible asset acquired in a business combination shall be recognised unless its fair value cannot be measured reliably without undue cost or effort at the acquisition date. • Full IFRS Standards permit an option to use the revaluation model for the measurement of intangible assets after initial recognition not in SMEs. • Full IFRS Standards require an annual review of the amortisation period and amortisation method of intangible assets with a finite useful life. The IFRS for SMEs Standard requires a review only if certain indicators are present, such as a change in how an intangible asset is used, technological advancement etc. • Full IFRS Standards (see AASB 120 Accounting for Government Grants and Disclosure of Government Assistance) allow a choice of methods in accounting		(d) the amount of contractual commitments for the acquisition of intangible assets. 18.29 An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period ~~(ie the amount of expenditure incurred internally on research and development that has not been capitalised as part of the cost of another asset that meets the recognition criteria in this Standard).~~ <u>Research and development expenditure comprises all expenditure that is directly attributable to research or development activities. (see paragraphs 66 and 67 of AASB 138 for guidance on the type of expenditure to be included for the purpose of the disclosure requirement in paragraph 18.29)</u> <u>Aus18.29.1</u> <u>If items of intangible assets are stated at revalued amounts, an entity shall disclose the following:</u> <u>(a)</u> <u>the effective date of the revaluation;</u> <u>(b)</u> <u>whether an independent valuer was involved;</u> <u>(c)</u> <u>the methods and significant assumptions applied in</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		for intangible assets acquired by way of government grants. The IFRS for SMEs Standard (see Section 24 Government Grants) prescribes a single method of accounting for them. • Full IFRS Standards provide guidance on which fair value to use for exchanges of assets. In particular, if an entity is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure the cost of the asset received unless the fair value of the asset received is more clearly evident. The IFRS for SMEs Standard does not specify which fair value to use to measure the cost of the acquired asset. Also, full IFRS Standards provide guidance on when an exchange transaction has commercial substance. The IFRS for SMEs Standard is silent on this. • Under full IFRS Standards if payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price		estimating the items' fair values; (e) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders. (f) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 and from impairment losses recognised or reversed in other comprehensive income in accordance with AASB 136 (if any) Aus18.29.2 An entity shall also disclose for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life. In giving these reasons, the entity shall describe the factor(s) that played a significant role in determining that the asset has an indefinite useful life.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		equivalent. The difference between this amount and the total payments is recognised as interest expense over the period of credit unless it is capitalised. The IFRS for SMEs Standard is silent on this. • In May 2014, the IASB amended AASB 138 to make it clear that a depreciation method based on revenue generated by an activity that includes the use of an asset is not appropriate. This amendment occurred too late to be considered by the IASB as part of the 2015 Amendments to the IFRS for SMEs Standard. For differences related to impairment testing, see Module 27 Impairment of Assets.		
Section 19 **Business Combinations and Goodwill** **Disclosures** **For business combination(s) during the reporting period**	*AASB* 3 *Business Combinations*	**Significant Difference** The IFRS for SMEs standard is not updated for 2008 amendments to IFRS 3/AASB 3 (BC198 of IFRS for SMEs standard Part B). Accordingly, the following key differences are noted: • Costs directly attributable to the business combinations not	**Remove** and **Add** While some differences are identified, the general principles	**Section 19** **Business Combinations and Goodwill** **Disclosures** **For business combination(s) during the reporting period**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
19.25 For each business combination during the period, the acquirer shall disclose the following: (a) the names and descriptions of the combining entities or businesses; (b) the acquisition date; (c) the percentage of voting equity instruments acquired; (d) the cost of the combination and a description of the components of that cost (such as cash, equity instruments and debt instruments); (e) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill; (f) the amount of any excess recognised in profit or loss in accordance with paragraph 19.24 and the line item in the statement of comprehensive income (and in the income statement, if presented) in which the excess is recognised; and (g) a qualitative description of the factors that make up the goodwill recognised, such as expected		expensed in SMEs standard. Transaction costs are expensed in full IFRS. • NCI is recognised at proportionate share method only in SMEs Standard however, there is an option to use FV or proportionate share method in full IFRS. • Contingent considerations recognised only when probable. In full IFRS, contingent considerations is recognised at FV regardless of probability. • Para 19.12 and 19.13 provides guidance on contingent consideration which is different from the guidance in para 39-40 and 58 in AASB 3. Para 19.13 states if the potential adjustment is not recognised at the acquisition date but subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination. AASB 3 requires a different treatment and changes in the fair value of contingent	are still the same and hence disclosures should be generally retained. Remove disclosures in relation to amortisation of goodwill (para 19.26, reference to useful lives in the first sentence) Add disclosure regarding measurement of NCI based on IFRS 3 para B64 (o). Staff note that RDR entities do not currently need to	19.25 For each business combination during the period, the acquirer shall disclose the following: (a) the names and descriptions of the combining entities or businesses; (b) the acquisition date; (c) the percentage of voting equity instruments acquired; (d) the cost of the combination and a description of the components of that cost (such as cash, equity instruments and debt instruments); (e) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill; (f) the amount of any excess recognised in profit or loss in accordance with paragraph ~~19.24~~ <u>34 of AASB 3 *Business Combinations*</u> and the line item in the statement of comprehensive income (and in the income statement, if presented) in which the excess is recognised; and (g) a qualitative description of the factors that make up the goodwill recognised, such as expected

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
synergies from combining operations of the acquiree and the acquirer, or intangible assets or other items not recognised in accordance with paragraph 19.15. **For all business combinations** 19.26 An acquirer shall disclose the useful lives used for goodwill and a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period, showing separately: (a) changes arising from new business combinations; (b) impairment losses; (c) disposals of previously acquired businesses; and (d) other changes. This reconciliation need not be presented for prior periods.		consideration is accounted in equity or profit or loss (para 58) • Step acquisitions and share-based payments topics are not included in SMEs • Full IFRS has more guidance on goodwill and bargain purchase. • Amortisation of goodwill is not allowed in full IFRS The following key differences were noted as per IFRS for SMEs module published by the IASB: When accounting for and reporting business combinations and goodwill for periods beginning on 1 January 2017, the main differences between the requirements of full IFRS Standards (see primarily IFRS 3 (2008) Business Combinations) and the IFRS for SMEs Standard (see Section 19 Business Combinations and Goodwill) are: • the definition of 'business combination' and 'business' differ between the IFRS for SMEs Standard and AASB 3 and so may result in differences in application.	disclose the qualitative description of the factors that make up goodwill (para 19.25(g)). However, staff have retained this requirement consistent with the general principle to keep differences to the IFRS for SMEs standard at a minimum.	synergies from combining operations of the acquiree and the acquirer, or intangible assets or other items not recognised in accordance with paragraph<ins>s</ins> ~~19.15~~ <ins>10-14 of AASB 3</ins>. <ins>Aus19.25(h)</ins> <ins>for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date, the acquirer shall disclose the amount of the non-controlling interest in the acquiree recognised at the acquisition date and the measurement basis for that amount.</ins> **For all business combinations** 19.26 An acquirer shall disclose ~~the useful lives used for goodwill and~~ a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period, showing separately: (a) changes arising from new business combinations; (b) impairment losses; (c) disposals of previously acquired businesses; and (d) other changes.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		• applying paragraph 19.11(b) of the IFRS for SMEs Standard, the cost of a business combination includes any costs directly attributable to the business combination (for example, finder's fees and advisory, legal, accounting, valuation and other professional or consulting fees that are directly attributable to the business combination). By contrast, AASB 3 (2008) explicitly excludes such costs from the cost of a business combination (see paragraph 53 of AASB 3). Consequently, such costs generally form part of goodwill under the IFRS for SMEs Standard, whereas under AASB 3 they are recognised as expenses in the period in which the costs are incurred and the services are received. • Applying AASB 3, if a business combination is acquired in stages, the acquirer remeasures any previously held equity interest in the acquiree at its acquisition-date fair value and takes this amount into account in the		This reconciliation need not be presented for prior periods.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		determination of goodwill (see paragraphs 41–42 of AASB 3 (2008)). Section 19 of the IFRS for SMEs Standard does not provide explicit guidance on the accounting for a step acquisition. • contingent consideration is included in the cost of a business combination, applying the IFRS for SMEs Standard, if its payment is probable and the amount can be measured reliably (see paragraph 19.12). AASB 3, on the other hand, requires the fair value of contingent consideration to be included in the cost of a business combination regardless of whether payment is probable; its fair value being determined by considering the possible outcomes and estimating the probability of each (see paragraph 39 of AASB 3(2008)). • Applying the IFRS for SMEs Standard if subsequently, the contingent consideration becomes both probable and can be measured reliably, the fair value amount is treated as an adjustment to the cost of the		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		business combination (see paragraph 19.13) and so will affect the amount recognised for goodwill. Under AASB 3, changes in the fair value of contingent consideration only affect the cost of the business combination if they are measurement period adjustments (adjustments made during the period after the acquisition date during which the acquirer may adjust the provisional amounts recognised for a business combination), otherwise they are accounted for separately (see paragraph 58 of AASB 3 (2008)). • After initial recognition, in the SMEs Standard, goodwill is measured at cost less accumulated amortisation and any accumulated impairment losses. Goodwill is amortised over its useful life and cash-generating units to which goodwill has been allocated are subject to an impairment test if there is an indication of impairment. If an entity cannot establish reliably the useful life of goodwill, the life		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		shall be determined based on management's best estimate but shall not exceed 10 years (see paragraph 19.23). Applying full IFRS Standards goodwill is not amortised. However, cash generating units to which goodwill has been allocated are subject to an impairment test at least annually and, additionally, when there is an indication of impairment (see paragraphs 10(b) and 90 of AASB 136 Impairment of Assets). • Applying Section 18, an intangible asset acquired in a business combination shall be recognised unless its fair value cannot be measured reliably without undue cost or effort at the acquisition date (see paragraph 18.8). AASB 3 (2008) and AASB 138 Intangible Assets assume that if an intangible asset is separable or arises from contractual or other legal rights the reliable measurement criterion is always satisfied (see paragraph 33 of AASB 138) and do not provide undue cost or effort exemptions.		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		• In SMEs contingent liabilities assumed in a business combination are recognised only when their fair value can be measured reliably (see paragraph 19.15(d)). Entities are required, under AASB 3 (2008) to recognise contingent liabilities only if they are present obligations (and exclude those that are possible obligations) arising from past events whose fair value can be measured reliably. • In SMEs, non-controlling interest is measured at the noncontrolling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets (sometimes called the proportionate share method—see paragraph 19.14). Using this method, goodwill that is attributable to the non-controlling interest is not recognised. Applying AASB 3 (see paragraph 19), non-controlling interest is measured using either the full goodwill method or the proportionate share method. The difference between the two is		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		that with the full goodwill method, the non-controlling interest's stake in the entity is valued at fair value and this is used, along with consideration paid by the parent for its stake in the subsidiary, to calculate the goodwill arising on 100% of the subsidiary. The full goodwill is recognised in the consolidated financial statements (that is, it includes goodwill attributable to the non-controlling interest). If the full goodwill method is used, at the acquisition date of a partly owned subsidiary, both goodwill and non-controlling interest are different from those calculated applying the IFRS for SMEs Standard. AASB 3 and the IFRS for SMEs Standard have other differences, including: • Under the IFRS for SMEs Standard the method used to account for business combinations is called the **purchase method**. Under AASB 3 it is called the **acquisition method**.		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		• AASB 3 contains additional exceptions from the recognition and/or fair value measurement requirements for the acquiree's identifiable assets and liabilities, for example it includes exemptions and specific requirements for indemnification assets, leases, reacquired rights and share-based payments. • AASB 3 contains additional guidance on reverse acquisitions, business combinations achieved without the transfer of consideration and the identification of intangible assets.		
Section 20 **Leases** **Disclosures** 20.13A lessee shall make the following disclosures for finance leases: (a) for each class of asset, the net carrying amount at the end of the reporting period; (b) the total of future minimum lease payments at the end of	AASB 16 *Leases*	**Significant Difference** (The IFRS for SMEs standard is not updated for the new leases standard) Following differences were noted: **Lessee:** • As per full IFRS, all leases are capitalised unless low value or short term leases. As per IFRS for SMEs, finance leases are capitalised and operating leases	**Remove** and **Add** Lessees: Retain disclosures for finance leases but revise the language to reflect different terminology	**Section 20** **Leases** **Disclosures** 20.13 A lessee shall make the following disclosures for ~~finance~~ leases: (a) for each class of right-of-use asset, the net carrying amount at the end of the reporting period; (b) the total of future ~~minimum~~ lease payments at the end of the

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (c) a general description of the lessee's significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases and restrictions imposed by lease arrangements. 20.14 In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessees for assets leased under finance leases. **Disclosures** 20.16 A lessee shall make the following disclosures for operating leases: (a) the total of future minimum lease payments under non-		expensed. There is no operating leases classification in AASB 16. • However, accounting for finance leases in IFRS for SMEs is using similar principles as lease accounting under AASB 16: **-Initial recognition of finance leases:** • As per full IFRS, I. At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability II. At the commencement date, a lessee shall measure the right-of-use asset at cost. III. At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined.	used in AASB 16. Replace operating lease disclosures with disclosures about short-term leases and leases of low-value assets based on paras 53(c), (d) and 55 in AASB 16. While some disclosures have therefore been deleted from the IFRS for SMEs disclosures, IFRS 16 is a recent standard that was finalised	reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (c) a general description of the lessee's significant leasing arrangements including, for example, information about <u>variable lease payments, extension and termination options, residual value guarantees,</u> ~~contingent rent, renewal or purchase options and escalation clauses,~~ subleases and restrictions imposed by lease arrangements. 20.14 In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessees for <u>the right-of-use</u> assets ~~leased under finance leases~~. ~~**Disclosures**~~ 20.16 A lessee shall make the following disclosures for ~~operating leases~~ <u>short-term leases and leases of low-value assets that are not recognised as right-of-use</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
cancellable operating leases for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (b) lease payments recognised as an expense; and (c) a general description of the lessee's significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements. **Disclosures** 20.23A lessor shall make the following disclosures for finance leases: (a) a reconciliation between the gross investment in the lease at the end of the reporting period and the present value of minimum lease payments receivable at the end of the		• As per IFRS for SME, finance leases are recognised at FV or PV of minimum lease payments (para 20.9) **Subsequent recognition of finance leases:** • After the commencement date, a lessee shall measure the right-of-use asset applying a cost model, unless it applies either of the measurement models described in paragraphs 34 (FV model) and 35 (revaluation model) and lease liability should be measured as per para 36 of IFRS 6. (i.e. increasing the carrying amount to reflect interest on the lease liability; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount to reflect any reassessment or lease modifications specified in paragraphs 39–46, or to reflect revised in-substance fixed lease payments (see paragraph B42). • As per IFRS for SMEs, a lessee shall apportion minimum lease payments between the finance	after the IFRS for SMEs standard was developed. Where the IASB has removed disclosures from full IFRS after the IFRS for SMEs standard was finalised, this should be carried over to the Simplified Disclosure Standard. Lessor: retain disclosures, but revise language where necessary. While some disclosures	<u>assets under the exemption in paragraph 6 of AASB 16 *Leases*</u>: (a) ~~the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:~~ ~~(i) not later than one year;~~ ~~(ii) later than one year and not later than five years; and~~ ~~(iii) later than five years.~~ <u>the amount of its lease commitments for short-term leases if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph (b) below relates; and</u> (b) lease payments recognised as an expense~~;~~<u>.</u> ~~and~~ (c) ~~a general description of the lessee's significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommend ation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (b) unearned finance income. (c) the unguaranteed residual values accruing to the benefit of the lessor. (d) the accumulated allowance for uncollectable minimum lease payments receivable. (e) contingent rents recognised as income in the period. (f) a general description of the lessor's significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and		charge and the reduction of the outstanding liability using the effective interest method. • Accounting treatment for lessor is similar in both full IFRS and IFRS for SMEs. The following key differences were noted as per IFRS for SMEs module published by the IASB: • When the IFRS for SMEs Standard was issued in July 2009 and revised in 2015, Section 20 Leases is largely based on AASB 117 Leases and both standards are substantially the same, except the minor differences noted below. However, in January 2016 the Board issued AASB 16 Leases which supersedes AASB 117. AASB 16 is effective for annual periods beginning on or after 1 January 2019. AASB 16 significantly changes lessee accounting but substantially carries forward the lessor accounting requirements in AASB 117. Therefore, there are now significant differences between full IFRS Standard (AASB 16) and IFRS for SMEs Standard (Section	are above what is currently required for RDR entities (paras 20.13(b), 20.30(b) and 20.23(d)), staff have retained these re-quirements consistent with the general principle to keep differences to the IFRS for SMEs standard at a minimum.	~~imposed by lease arrangements.~~<u>Deleted by AASB.</u> **<u>Finance Lease- Lessor</u>** **Disclosures** 20.23A lessor shall make the following disclosures for finance leases: (a) a reconciliation between the gross investment in the lease at the end of the reporting period and the present value of lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of lease payments receivable at the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (b) unearned finance income; (c) the unguaranteed residual values accruing to the benefit of the lessor;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
escalation clauses, subleases, and restrictions imposed by lease arrangements. **Disclosures** 20.30A lessor shall disclose the following for operating leases: (a) the future minimum lease payments under non-cancellable operating leases for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (b) total contingent rents recognised as income; and (c) a general description of the lessor's significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses and restrictions imposed by lease arrangements.		20) notably for operating lease, sale and leaseback transactions and disclosure requirements. The comparison contains reference to AASB 117 because it was in place when the revised IFRS for SMEs Standard became effective. The main differences between the requirements of full IFRS Standards (see AASB 117 Leases) and the IFRS for SMEs Standard (see Section 20 Leases) are: • The following terms are defined in full IFRS Standards but not in the IFRS for SMEs Standard: ○ non-cancellable lease; ○ inception of the lease; ○ commencement of the lease term; ○ lease term; ○ economic life; ○ useful life (in the context of leased asset); ○ guaranteed residual value; ○ unguaranteed residual value; and ○ contingent rent. • When the payments to the lessor are structured to increase in line		(d) the ~~accumulated~~ loss allowance for uncollectable ~~minimum~~ lease payments receivable; (e) ~~contingent rents recognised as income in the period~~ income relating to -variable lease payments not included in the measurement of the net investment in the lease; and (f) a general description of the lessor's significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements. **Operating Leases- Lessor** **Disclosures** 20.30A lessor shall disclose the following for operating leases: (a) the future lease payments under non-cancellable operating leases for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
20.31 In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessors for assets provided under operating leases. **Disclosures** 20.35 Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.		with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases the IFRS for SMEs Standard does not require a lessee or lessor to recognise lease payments under operating leases on a straight-line basis (see paragraph 20.15(b)). Full IFRS has no equivalent exception to the straight-line basis. • Full IFRS Standards includes guidance on how to treat provision in lease agreement to adjust the lease payments for changes in the construction or acquisition cost of the leased property or for changes in some other measure of cost or value, such as general price levels not in SMEs Standard. • Full IFRS Standards state that the definition of a lease includes hire purchase contracts SMEs does not. • When a lease includes both land and buildings elements full IFRS Standards require each element to be assessed separately and also provide detailed guidance on		(b) total ~~contingent rents~~ variable lease payments that do not depend on an index or a rate recognised as income; and (c) a general description of the lessor's significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses and restrictions imposed by lease arrangements. 20.31 In addition, the requirements for disclosure about assets in accordance with Sections 17, 18, 27 and 34 apply to lessors for assets provided under operating leases. **Sale and leaseback transactions** **Disclosures** 20.35 Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		measurement, for example how to split the minimum lease payments between the land and the building elements SMEs Standard does not. • Full IFRS Standards (see SIC Interpretation 15 Operating Leases-Incentives) provide guidance on how incentives in an operating lease should be recognised in the financial statements of both the lessee and the lessor in. The IFRS for SMEs Standard is silent on this issue. • While disclosure requirements in the financial statements of lessors for both finance and operating leases are the same under both full IFRS Standards and IFRS for SMEs Standard, there some minor differences for disclosure requirements in the financial statements of lessees. For example, in the financial statements of lessees for finance leases require disclosure of contingent rents recognised as an expense in the period and total of future minimum sublease payments expected to be		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		received under noncancellable subleases at the end of the reporting period. These are not required to be disclosed under the IFRS for SMEs Standard. In addition, under full IFRS both lessors and lessee are required also required to meet the disclosure requirements of AASB 7 Financial Instruments: Disclosures in addition to the requirements in AASB 117 Leases. There is no such requirement under the IFRS for SMEs Standard as there is no equivalent to AASB 7 Financial Instruments: Disclosures under the SME Standard. • In sale and lease back transactions, for operating leases if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value shall be recognised immediately. There is no such requirement under the IFRS for SMEs Standard.		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Section 21 **Provisions and Contingencies** **Disclosures** **Disclosures about provisions** 21.14 For each class of provision, an entity shall disclose all of the following: (a) a reconciliation showing: (i) the carrying amount at the beginning and end of the period; (ii) additions during the period, including adjustments that result from changes in measuring the discounted amount; (iii) amounts charged against the provision during the period; and (iv) unused amounts reversed during the period. (b) a brief description of the nature of the obligation and the expected amount and timing of any resulting payments;	AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*	No significant differences	Retain	**Section 21** **Provisions and Contingencies** **Disclosures** **Disclosures about provisions** 21.14 For each class of provision, an entity shall disclose all of the following: (a) a reconciliation showing: (i) the carrying amount at the beginning and end of the period; (ii) additions during the period, including adjustments that result from changes in measuring the discounted amount; (iii) amounts charged against the provision during the period; and (iv) unused amounts reversed during the period. (b) a brief description of the nature of the obligation and the expected amount and timing of any resulting payments;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(c) an indication of the uncertainties about the amount or timing of those outflows; and (d) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement. Comparative information for prior periods is not required. **Disclosures about contingent liabilities** 21.15 Unless the possibility of any outflow of resources in settlement is remote, an entity shall disclose, for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and, when practicable: (a) an estimate of its financial effect, measured in accordance with paragraphs 21.7–21.11; (b) an indication of the uncertainties relating to the amount or timing of any outflow; and (c) the possibility of any reimbursement.				(c) an indication of the uncertainties about the amount or timing of those outflows; and (d) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement. Comparative information for prior periods is not required. **Disclosures about contingent liabilities** 21.15 Unless the possibility of any outflow of resources in settlement is remote, an entity shall disclose, for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and, when practicable: (a) an estimate of its financial effect, measured in accordance with paragraphs ~~21.7–21.11~~ 36-52 of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; (b) an indication of the uncertainties relating to the amount or timing of any outflow; and (c) the possibility of any reimbursement.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
If it is impracticable to make one or more of these disclosures, that fact shall be stated. **Disclosures about contingent assets** 21.16 If an inflow of economic benefits is probable (more likely than not) but not virtually certain, an entity shall disclose a description of the nature of the contingent assets at the end of the reporting period and, unless it would involve undue cost or effort, an estimate of their financial effect, measured using the principles set out in paragraphs 21.7–21.11. If such an estimate would involve undue cost or effort, the entity shall disclose that fact and the reasons why estimating the financial effect would involve undue cost or effort. **Prejudicial disclosures** 21.17 In extremely rare cases, disclosure of some or all of the information required by paragraphs 21.14–21.16 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need				If it is impracticable to make one or more of these disclosures, that fact shall be stated. **Disclosures about contingent assets** 21.16 If an inflow of economic benefits is probable (more likely than not) but not virtually certain, an entity shall disclose a description of the nature of the contingent assets at the end of the reporting period and, ~~unless it would involve undue cost or effort,~~ an estimate of their financial effect, measured using the principles set out in paragraphs ~~21.7–21.11~~ <u>36-52 of AASB 137</u>. ~~If such an estimate would involve undue cost or effort, the entity shall disclose that fact and the reasons why estimating the financial effect would involve undue cost or effort.~~ <u>Where any of the information required by paragraphs 21.16 is not disclosed because it is not practicable to do so, that fact shall be stated.</u> **Prejudicial disclosures** 21.17 In extremely rare cases, disclosure of some or all of the information required by paragraphs 21.14–21.16 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision,

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.				contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.
Section 22 **Liabilities and Equity** **Disclosures** 22.20 If the fair value of the assets to be distributed as described in paragraphs 22.18–22.18A cannot be measured reliably without undue cost or effort, the entity shall disclose that fact and the reasons why a reliable fair value measurement would involve undue cost or effort.	AASB 132 *Financial Instruments: Presentation*	**Simplified** The following differences were noted as per FRS for SMEs module published by the IASB: • The IFRS for SMEs Standard includes some additional requirements to AASB 132 for the recognition of the issue of shares or other equity instruments. Such guidance is consistent with full IFRS except the requirement in paragraph 22.7(a) that if equity instruments are issued before cash is received, the entity presents the amount receivable as an offset to equity. The full IFRS Standards provide no explicit guidance on this. • SMEs contains fewer detailed requirements than in AASB 132 on classifying puttable financial instruments and obligations arising on liquidation that meet the definition of a liability but	**Remove** The only disclosure in this section relates to a measurement simplification that is not available under full IFRS (undue cost or effort exemption from the requirement for an entity to measure the liability to distribute a non-cash asset to its owners),	**Section 22** **Liabilities and Equity** ~~**Disclosures**~~ ~~22.20 If the fair value of the assets to be distributed as described in paragraphs 22.18–22.18A cannot be measured reliably without undue cost or effort, the entity shall disclose that fact and the reasons why a reliable fair value measurement would involve undue cost or effort.~~ Deleted by the AASB

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		that may represent the residual interest in the net assets of the entity. Differences may arise in practice between SMEs and full IFRS. • Full IFRS Standards contain detailed requirements regarding when financial assets and financial liabilities are offset. The IFRS for SMEs Standard includes a general requirement in paragraph 2.52 that an entity shall not offset assets and liabilities or income and expenses unless required or permitted by the IFRS for SMEs Standard. Section 22 has no offset requirements. • The IFRS for SMEs Standard includes an undue cost or effort exemption from the requirement to measure own equity instruments at fair value in the scenario when the entity renegotiates the terms of a financial liability and, by issuing equity instruments to the creditor, extinguishes the liability fully or partially. Full IFRS Standards require such equity instruments to be measured at	hence should be removed. The other differences noted on the left are the result of additional guidance being provided under full IFRS and hence should not require any additional disclosures.	

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		fair value if that fair value can be measured reliably. • The IFRS for SMEs Standard also includes an undue cost or effort exemption from the requirement for an entity to measure the liability to distribute a non-cash asset to its owners (that is not ultimately controlled by the same party or parties before and after the distribution) at the fair value of the non-cash assets to be distributed. Full IFRS Standards always require fair value measurement. • Excludes requirements for some types of instruments that SMEs is unlikely to encounter. For example, foreign currency denominated pro-rata rights issues, financial instruments with contingent settlement provisions and derivative financial instruments with settlement options.		
Section 23 **Revenue** **Disclosures**	AASB 15 *Revenue from Contracts with Customers*	**Significant Difference** Section 23 was derived from AASB 111 and AASB 118 and has not been updated to reflect the principles in AASB 15.	**Retain** While the different principles	**Section 23** **Revenue** **Disclosures**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
General disclosures about revenue 23.30 An entity shall disclose: (a) the accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services; and (b) the amount of each category of revenue recognised during the period, showing separately, at a minimum, revenue arising from: (i) the sale of goods; (ii) the rendering of services; (iii) interest; (iv) royalties; (v) dividends; (vi) commissions; (vii) government grants; and (viii) any other significant types of revenue. **Disclosures relating to revenue from construction contracts**		Major differences are as follows: • In IFRS for SMEs, the model is based on risks and rewards for establishing the recognition of revenue but in AASB 15, control of the asset dictates the recognition. • Bundled goods or services that are distinct must be separately recognised under AASB 15, and any discount or rebates on the contract price must generally be allocated to the separate elements. • Revenue may be recognised earlier under AASB 15 than under IFRS for SMEs if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.), and minimum amounts must be recognised under AASB 15 if they are not at significant risk of reversal. • The point at which revenue is able to be recognised may be different. Some revenue which is recognised at a point in time at the end of a contract under IFRS	may affect the amount and timing of the revenue recognised, under both frameworks revenue is either recognised at a point in time or over time (rendering of service and construction contracts). On that basis, the IFRS for SMEs disclosures should be adapted reflecting the different terminology used in AASB 15 but without adding	**General disclosures about revenue** 23.30 An entity shall disclose: (a) <u>information about its performance obligations in contracts with customers, including a description of when the entity typically satisfies its performance obligations, the significant payment terms, the nature of the goods or services that the entity has promised to transfer, obligations for returns, refunds and other similar obligations and types of warranties and related obligations</u> ~~the accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services~~; and (b) the amount of each category of revenue recognised during the period, <u>disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. An entity may apply the guidance in AASB 15 *Revenue from Contracts with Customers* paragraphs B87-B89 when selecting</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
23.31 An entity shall disclose the following: (a) the amount of contract revenue recognised as revenue in the period; (b) the methods used to determine the contract revenue recognised in the period; and (c) the methods used to determine the stage of completion of contracts in progress. 23.32 An entity shall present: (a) the gross amount due from customers for contract work, as an asset; and (b) the gross amount due to customers for contract work, as a liability.		for SMEs may have to be recognised over the contract term under AASB 15 and vice versa. • AASB 15 has specific rules on various items such as licenses, warranties, non-refundable upfront fees and consignment arrangements. • IFRS for SMEs has separate guidance for construction contracts. Under AASB 15, the core principles of revenue recognition apply. • AASB 15 does not discuss accounting for exchanges of goods and services that are of a similar or dissimilar nature. When the IFRS for SMEs Standard was issued in July 2009 and revised in 2015, Section 23 was based on AASB 118 Revenue and AASB 111 Construction Contracts. AASB 15 Revenue from Contracts with Customers has been issued to replace AASB 118 and AASB 111 with effect for annual periods beginning on or after 1 January 2018. Consequently, in addition to the comparison with AASB	unnecessary details.	<u>the categories to use to disaggregate revenue.</u> ~~showing separately, at a minimum, revenue arising from:~~ ~~(i) the sale of goods;~~ ~~(ii) the rendering of services;~~ ~~(iii) interest;~~ ~~(iv) royalties;~~ ~~(v) dividends;~~ ~~(vi) commissions;~~ ~~(vii) government grants; and~~ ~~(viii) any other significant types of revenue.~~ **Disclosures relating to <u>performance obligations satisfied over time</u>~~revenue from construction contracts~~** 23.31 <u>For performance obligations that an entity satisfies over time, an</u> ~~An~~ entity shall disclose the <u>methods used to recognise revenue (for example, a description of the output methods or input methods used and how those methods are applied).</u> ~~following:~~ ~~(a) the amount of contract revenue recognised as revenue in the period;~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		118 and AASB 111, a comparison with AASB 15 is provided. ***AASB 118 Revenue and AASB 111 Construction Contracts*** AASB 118 deals with the sale of goods, rendering of services, interest, dividends and royalties. Section 23 shares the same principles for accounting and reporting revenue as AASB 118. AASB 111 deals with construction Contracts and Section 23 shares the same principles for accounting and reporting revenue as AASB 111. Section 23 provides less guidance on how to apply the principles than is in full IFRS Standards. Furthermore, the disclosure requirements of Section 23 are less detailed than those specified in AASB 111. ***AASB 15 Revenue from Contracts with Customers*** In May 2014 the Board issued AASB 15 Revenue from Contracts with Customers to replace AASB 118 and AASB 111. The effective date of the new Standard is annual reporting periods beginning on or after 1 January 2018. AASB 15 introduces a single comprehensive model for recognising		~~(b) the methods used to determine the contract revenue recognised in the period; and~~ ~~(c) the methods used to determine the stage of completion of contracts in progress.~~ 23.32 An entity shall <u>disclose the closing balances of contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed.</u> ~~present:~~ ~~(a) the gross amount due from customers for contract work, as an asset; and~~ ~~(b) the gross amount due to customers for contract work, as a liability.~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		revenue that applies consistently to all contracts for goods or services, including construction contracts. Some of the more significant changes that are relevant to this Module include: • Section 23 differentiates between goods and services and accounting requirements are specified for each. AASB 15 differentiates between the performance obligations in a contract (which might be individual components in a multiple element sale transaction) that are satisfied at a point in time or over time; • AASB 15 generally contains more guidance, including more guidance on multiple element sales and variable consideration, than is contained in Section 23. • Contracts that meet the definition of a construction contract under Section 23 would not be accounted for on a percentage of completion basis unless their enforceable contractual rights and obligations satisfy specified criteria in AASB		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		15; and *Provisions, Contingent Liabilities and Contingent Assets*; • AASB 15 contains more comprehensive disclosure requirements than does Section 23.		
Section 24 **Government Grants** **Disclosures** 24.6 An entity shall disclose the following: (a) the nature and amounts of government grants recognised in the financial statements**;** (b) unfulfilled conditions and other contingencies attaching to government grants that have not been recognised in income; and (c) an indication of other forms of government assistance from which the entity has directly benefited. 24.7 For the purpose of the disclosure required by paragraph 24.6(c), government assistance is action by government designed to provide an economic benefit specific to an entity	AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*	**Significant Difference** Recognition and Measurement is significantly different in IFRS for SMEs (as per IFRS for SMEs module published by the IASB): • The IFRS for SMEs Standard is drafted in simple language with less application guidance than is provided in full IFRS Standards. • In the IFRS for SMEs Standard, Section 24 applies to all government grants. In full IFRS Standards, AASB 141 specifies requirements for government grants that are related to a biological asset measured at fair value less costs to sell; AASB 120 applies to all other government grants. For a government grant that is related to a biological asset measured at fair value less costs to sell, the requirements under the IFRS for SMEs Standard	**Add** Revise para 24.6(b) to reflect that under AASB 120, government grants may be recognised before the conditions attached are satisfied. The R&M differences identified on the left are the result of additional options available under full IFRS. The	**Section 24** **Government Grants** **Disclosures** 24.6 A~~n~~ for-profit entity shall disclose the following: (a) the nature and amounts of government grants recognised in the financial statements; ~~(~~b) unfulfilled conditions and other contingencies attaching to government grants that have ~~not~~ been recognised in income; ~~and~~ (c) an indication of other forms of government assistance from which the entity has directly benefited~~.~~ ;and Aus24.6.(d) the accounting policy adopted for government grants, including the methods of presentation adopted in the financial statements.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
or range of entities qualifying under specified criteria. Examples include free technical or marketing advice, the provision of guarantees and loans at nil or low interest rates.		are consistent with the requirements of AASB 141. For other government grants (those within the scope of AASB 120), **recognition and measurement principles** in full IFRS Standards differ from those in the IFRS for SMEs Standard as follows: • AASB 120 contains numerous options (paras 20, 24 of AASB 120) for accounting for government grants. The IFRS for SMEs Standard contains only one option for accounting for all government Grants (para 24.4) . • AASB 120 requires that government grants should not be recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Under Section 24, a government grant is not recognised until the conditions are actually satisfied. • AASB 120 requires government grants to be recognised as income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants	IFRS for SMEs disclosures can therefore be retained. However, a requirement to disclose the accounting policy and methods of presentation adopted for government grants should be added, as there is no policy choice under IFRS for SMEs	24.7 For the purpose of the disclosure required by paragraph 24.6(c), government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under specified criteria. Examples include free technical or marketing advice, the provision of guarantees and loans at nil or low interest rates.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		are intended to compensate. Section 24 requires government grants to be recognised as income when specified future performance conditions are met independent of the entity's recognition of the related costs for which the grants are intended to compensate.		
Section 25 **Borrowing Costs** **Disclosures** 25.3 Paragraph 5.5(b) requires disclosure of finance costs. Paragraph 11.48(b) requires disclosure of total interest expense (using the effective interest method) for **financial liabilities** that are not at **fair value** through profit or loss. This section does not require any additional disclosure.	AASB 123 *Borrowing Costs*	**Significant Difference** • Full IFRS Standards require borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised as part of the cost of the asset. For cost-benefit reasons, the IFRS for SMEs Standard requires such costs to be charged as expenses. • The composition of borrowing costs in full IFRS Standards (see paragraph 6 of AASB 123) and the IFRS for SMEs Standard (see paragraph 25.1) are similar. However, differences between borrowing costs as defined in AASB 123 and Section 25 may arise because the requirements	**Add** Section 25 does not require any additional disclosures. However, the AASB agreed to require disclosure of the amount of capitalised borrowing costs on the grounds that it relates to a transaction or event that	**Section 25** **Borrowing Costs** **Disclosures** 25.3 Paragraph 5.5(b) requires disclosure of finance costs. Paragraph 11.48(b) requires disclosure of total interest expense (using the effective interest method) for financial liabilities that are not at fair value through profit or loss. ~~This section does not require any additional disclosure.~~ Aus25.3.1 An entity shall disclose the amount of borrowing costs capitalised during the period.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		for accounting for the underlying liability may be different. For example, interest expense calculated in accordance with Section 11 Basic Financial Instruments of the IFRS for SMEs Standard might differ from 'interest' calculated on the same instrument in accordance with full IFRS Standards (AASB 9 Financial Instruments or AASB 139 Financial Instruments: Recognition and Measurement).	is significant or material to the entity, and that information about these amounts would therefore be relevant.	
Section 26 **Share-based Payment** **Disclosures** 26.18 An entity shall disclose the following information about the nature and extent of share-based payment arrangements that existed during the period: (a) a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum	AASB 2 *Share-based Payment*	**Simplified** The following differences were noted (as per IFRS for SMEs module published by the IASB): • There is less guidance on how to account for cancellations and settlements in Section 26 of the IFRS for SMEs Standard than there is in AASB 2. • AASB 2 requires that in the rare cases that the fair value of equity instruments granted cannot be estimated reliably, an entity measures the instruments at their intrinsic value (paragraph 24 of AASB 2). Section 26 of the IFRS for SMEs Standard does not have	**Remove** The R&M differences noted in left hand side do not affect the basic principles of accounting for SBP. Thus the disclosures can largely be retained. However, remove para 26.22 as this	**Section 26** **Share-based Payment** **Disclosures** 26.18 An entity shall disclose the following information about the nature and extent of share-based payment arrangements that existed during the period: (a) a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted,

term of options granted, and the method of settlement (for example, whether in cash or equity). An entity with substantially similar types of share-based payment arrangements may aggregate this information. (b) the number and weighted average exercise prices of share options for each of the following groups of options: (i) outstanding at the beginning of the period; (ii) granted during the period; (iii) forfeited during the period; (iv) exercised during the period; (v) expired during the period; (vi) outstanding at the end of the period; and (vii) exercisable at the end of the period. 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		a similar requirement and so entities are required to use a valuation method to determine the fair value of the equity instruments. • the IFRS for SMEs Standard contains a simplification from AASB 2 with regards to share-based payment transactions with cash alternatives. (Para 26.15). AASB 2 requires separate recognition of both, an amount in equity and a liability, under certain circumstances (para 34 - 43 of AASB 2). • The IFRS for SMEs Standard provides a simplification for group entities: when a parent grants an award to employees of its subsidiary and the parent presents consolidated financial statements using either the IFRS for SMEs Standard or full IFRS Standards, the subsidiary is permitted to measure the expense and related capital contribution on a reasonable allocation of the group expense. AASB 2 does not include a similar simplification and instead provides detailed requirements for accounting for share-based payments among group entities. • AASB 2 further includes specific requirements in the following areas that are not covered in the IFRS for SMEs Standard. These	relates to an option that is not available under full IFRS.	and the method of settlement (for example, whether in cash or equity). An entity with substantially similar types of share-based payment arrangements may aggregate this information. (b) the number and weighted average exercise prices of share options for each of the following groups of options: (i) outstanding at the beginning of the period; (ii) granted during the period; (iii) forfeited during the period; (iv) exercised during the period; (v) expired during the period; (vi) outstanding at the end of the period; and (vii) exercisable at the end of the period. 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. 26.20 For cash-settled share-based payment arrangements, an entity shall disclose information about how the liability was measured.

entity shall disclose the method and its reason for choosing it. 26.20 For cash-settled share-based payment arrangements, an entity shall disclose information about how the liability was measured. 26.21 For share-based payment arrangements that were modified during the period, an entity shall disclose an explanation of those modifications. 26.22 If the entity is part of a group share-based payment plan, and it measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group, it shall disclose that fact and the basis for the allocation (see paragraph 26.16). 26.23 An entity shall disclose the following information about the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position: (a) the total expense recognised in profit or loss for the period; and (b) the total carrying amount at the end of the period for liabilities arising from share-based payment transactions.		requirements would not necessarily lead to differences in accounting, for example if the SME considered the AASB 2 requirements in the absence of requirements in the IFRS for SMEs Standard: • AASB 2 specifies some additional requirements for measuring the fair value of equity instruments, including: ○ the effects of expected early exercise are taken into account when measuring the fair value; and ○ a reload feature is not permitted to be reflected in the fair value of the options granted at measurement date but instead is accounted for as a new option if and when granted. • AASB 2 specifies some additional requirements for cancellations and settlements, • the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments • the accounting for share-based payment transactions with a net settlement feature for withholding tax obligations • a modification to the terms and conditions of a share-based		26.21 For share-based payment arrangements that were modified during the period, an entity shall disclose an explanation of those modifications. ~~26.22 If the entity is part of a group share-based payment plan, and it measures its share-based payment expense on the basis of a reasonable allocation of the expense recognised for the group, it shall disclose that fact and the basis for the allocation (see paragraph 26.16).~~ Deleted by the AASB 26.23 An entity shall disclose the following information about the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position: (a) the total expense recognised in profit or loss for the period; and (b) the total carrying amount at the end of the period for liabilities arising from share-based payment transactions.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommend ation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		payment that changes the classification of the transaction from cash-settled to equity-settled.		
Section 27 **Impairment of Assets** **Disclosures** 27.32 An entity shall disclose the following for each class of assets indicated in paragraph 27.33: (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of comprehensive income (and in the income statement, if presented) in which those impairment losses are included; and (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of comprehensive income (and in the income statement, if presented) in which those impairment losses are reversed.	AASB 102 *Inventories*, AASB 116 *Property, Plant, and Equipment*, AASB 136 *Impairment of Assets*, and AASB 138 *Intangible Assets*	**Modified** • Impairment rules in in IFRS for SMEs are somewhat similar to AASB 136, however, drafted in simpler language and with significantly less guidance. IFRS for SMEs includes impairment of Inventory in Section 27. The detailed differences are as follows (as per FRS for SMEs module published by the IASB): • Applying AASB 102, inventories are measured at the lower of cost and net realisable value. In Section 27, impairment is assessed by comparing the carrying amount of each item of inventory with its selling price less costs to complete and sell. The IFRS for SMEs Standard does not use the term net realisable value but the definition of net realisable value in AASB 102 is consistent with 'selling price less costs to complete and sell'.	**Retain** While some R&M differences are noted on the left the basic principles of identifying and measuring impairment are the same. Hence the differences should not lead to any disclosure differences.	**Section 27** **Impairment of Assets** **Disclosures** 27.32 An entity shall disclose the following for each class of assets indicated in paragraph 27.33: (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of comprehensive income (and in the income statement, if presented) in which those impairment losses are included; and (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of comprehensive income (and in the income statement, if presented) in which those impairment losses are reversed. 27.33 An entity shall disclose the information required by paragraph 27.32 for each of

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
27.33 An entity shall disclose the information required by paragraph 27.32 for each of the following classes of asset: (a) inventories; (b) property, plant and equipment (including investment property accounted for by the cost method); (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in joint ventures.		• Applying full IFRS Standards, indefinite life intangible assets and goodwill are assessed for impairment at least an annually. The IFRS for SMEs Standard requires an entity to calculate the recoverable amount of goodwill and other intangible assets (both with finite and indefinite life) only if impairment is indicated. • Section 27 includes a list of indicators of impairment, based on both internal and external sources of information, as guidance for SMEs. • Other simplifications relate to the allocation of goodwill to individual cash-generating units (or groups of cash-generating units). If goodwill cannot be allocated to individual cash-generating units (or groups of cash-generating units) on a non-arbitrary basis, the IFRS for SMEs Standard allows entities to test goodwill for impairment by determining the recoverable amount of:		the following classes of asset: (a) inventories; (b) property, plant and equipment (including investment property accounted for by the cost method); (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in joint ventures.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		○ the acquired entity in its entirety, if the goodwill relates to an acquired entity that has not been integrated; or ○ the entire group of entities, excluding any entities not integrated, if the goodwill relates to an entity that has been integrated. • Unlike full IFRS Standards, the IFRS for SMEs Standard requires amortisation of goodwill and all intangible assets. When goodwill is fully amortised (its carrying amount is nil) it cannot be further impaired (and reversal of a prior period impairment of goodwill is prohibited). • Consequently, applying the IFRS for SMEs Standard, it would no longer be tested for impairment. • When estimating value in use, AASB 136 Impairment of Assets provides more extensive guidance on estimating future cash flows than does the IFRS for SMEs Standard. Appendix A of		

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		AASB 136 describes the use of present value techniques to measure value in use. AASB 136 also provides more extensive guidance on identifying and allocating (if applicable) corporate assets that relate to a cash-generating unit under impairment review.		
Section 28 **Employee Benefits** **Disclosures** **Disclosures about short-term employee benefits** 28.39 This section does not require specific disclosures about short-term employee benefits. **Disclosures about defined contribution plans** 28.40 An entity shall disclose the amount recognised in profit or loss as an expense for defined contribution plans. If an entity treats a defined benefit multi-employer plan as a defined contribution plan because sufficient information is not available to use defined benefit accounting (see paragraph 28.11) it shall disclose	AASB 119 *Employee Benefits*	**Simplified** • Accounting for short term employee benefit in IFRS for SMEs is consistent with full IFRS. • Accounting for defined contribution plan in IFRS for SMEs is consistent with full IFRS. The following differences were noted in accounting for defined benefit plans: • AASB 119 requires entities to use the projected unit credit method in valuing defined benefit obligations. IFRS for SMEs does not mandate projected unit credit method. It states if an entity is not able, without undue cost or effort, to use the projected unit credit method to measure its obligation and cost under defined benefit plans, the	**Remove** Remove disclosures relating to policy choice not available under full IFRS (recognition of actuarial gains/losses in P&L). The rest should be retained, but the requirements relating to group plans in para 28.41 need to be	**Section 28** **Employee Benefits** **Disclosures** **Disclosures about short-term employee benefits** 28.39 This section does not require specific disclosures about short-term employee benefits. **Disclosures about defined contribution plans** 28.40 An entity shall disclose the amount recognised in profit or loss as an expense for defined contribution plans. If an entity treats a defined benefit multi-employer plan as a defined contribution plan because sufficient information is not available to use defined benefit accounting (see paragraph ~~28.11~~ <u>34 of AASB 119</u>) it shall disclose the fact that it is a defined benefit plan and the reason

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
the fact that it is a defined benefit plan and the reason why it is being accounted for as a defined contribution plan, along with any available information about the plan's surplus or deficit and the implications, if any, for the entity. **Disclosures about defined benefit plans** 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: (a) a general description of the type of plan, including funding policy; (b) the entity's accounting policy for recognising actuarial gains and losses (either in profit or loss or as an item of other		entity is permitted to make the certain simplifications as per section 28.19. Annual comprehensive valuations are also not necessary. • Full IFRS has detailed guidance on actuarial valuation method, attributing benefits to periods of service and actuarial assumptions. IFRS for SMEs standard is silent on this. However, principles on discount rates is similar in both IFRS for SMEs and AASB 119. • AASB 119 has detailed guidance on past service cost and gains and losses on settlement. • AASB 119 requires entities to recognise Remeasurements of the net defined benefit liability including actuarial gains/loss in OCI whereas IFRS for SMEs has an accounting option to either recognise in profit or loss or OCI (para 28.24). • For group plans, IFRS for SMEs permits recognising and measuring employee benefit expense on the basis of a	amended to reflect the differences in accounting noted on the left. Staff note that the disclosure of amounts recognised in profit or loss as expense for defined benefit plans and of the actual return on plan assets (para 28.41(g)(i) and (j)) is not currently required for RDR entities. In addition, the following disclosures are above those that are required	why it is being accounted for as a defined contribution plan, along with any available information about the plan's surplus or deficit and the implications, if any, for the entity. **Disclosures about defined benefit plans** 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~~34 of AASB 119, 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: (a) a general description of the type of plan, including funding policy; ~~(b) the entity's accounting policy for recognising actuarial gains and losses (either in profit or loss or as an item of other comprehensive income) and the amount of actuarial gains and losses recognised during the period;~~ Deleted by the AASB

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
comprehensive income) and the amount of actuarial gains and losses recognised during the period; (c) if the entity uses any of the simplifications in paragraph 28.19 in measuring its defined benefit obligation, it shall disclose that fact and the reasons why using the projected unit credit method to measure its obligation and cost under defined benefit plans would involve undue cost or effort; (d) the date of the most recent comprehensive actuarial valuation and, if it was not as of the reporting date, a description of the adjustments that were made to measure the defined benefit obligation at the reporting date; (e) a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes;		reasonable allocation of the expense recognised for the group. Under AASB 119, group entities shall recognise their share of the net defined benefit cost for the plan as a whole measured in accordance with AASB 119 (if there is a contractual agreement or stated policy for charging the net defined benefit cost measured in accordance with AASB 119) or recognise a cost equal to their contribution playable for the period (if no contractual agreement or stated policy). The following key differences were noted as per IFRS for SMEs module published by the IASB: ***Defined benefit plans*** • Full IFRS Standards (see AASB 119 paragraphs 55–134) and the IFRS for SMEs Standard (see paragraphs 28.3 and 28.14–28.28) share many principles for the recognition and measurement of defined benefit plans. The main differences between applying IFRS Standards and the IFRS for SMEs Standard	under full AAS: - the cost relating to defined benefit plans for the period that have been included in the cost of an asset (28.41(g)) - for group plans, full AAS permit disclosure by cross-reference to another group entity's financial statements (AASB 119 para 150) - information about the nature of termination	~~(c) if the entity uses any of the simplifications in paragraph 28.19 in measuring its defined benefit obligation, it shall disclose that fact and the reasons why using the projected unit credit method to measure its obligation and cost under defined benefit plans would involve undue cost or effort;~~ Deleted by the AASB ~~(d) the date of the most recent comprehensive actuarial valuation and, if it was not as of the reporting date, a description of the adjustments that were made to measure the defined benefit obligation at the reporting date;~~ Deleted by the AASB (e) a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes; (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

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(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: (i) contributions; (ii) benefits paid; and (iii) other changes in plan assets. (g) the total cost relating to defined benefit plans for the period, disclosing separately the amounts: (i) recognised in profit or loss as an expense; and (ii) included in the cost of an asset. (h) for each major class of plan assets, which shall include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major class constitutes of		requirements for accounting and reporting defined benefit plans include: • AASB 119 requires that a defined benefit obligation always be measured using an actuarial technique—the 'projected unit credit method'. For cost-benefit reasons, the IFRS for SMEs Standard provides for some measurement simplifications that retain the basic AASB 119 principles but are intended to reduce the need for SMEs to engage external specialists. Accordingly, if information based on the projected unit credit method is not available and cannot be obtained without undue cost or effort, SMEs must apply an approach that is based on AASB 119 but does not consider future salary increases, future service or possible mortality during an employee's period of service. This simplified approach still reflects estimates for the life expectancy of employees after retirement age. The resulting defined benefit	benefits and other long-term benefits, the amount of the obligations and extent of funding (paras 28.42 and 28.43). Staff have retained these re-quirements consistent with the general principle to keep differences to the IFRS for SMEs standard at a minimum.	an asset, showing separately, if applicable: (i) contributions; (ii) benefits paid; and (iii) other changes in plan assets. (g) the total cost relating to defined benefit plans for the period, disclosing separately the amounts: (i) recognised in profit or loss as an expense; and (ii) included in the cost of an asset. (h) for each major class of plan assets, which shall include, but is not limited to, equity instruments, debt instruments, property, and all other assets, the percentage or amount that each major class constitutes of the fair value of the total plan assets at the reporting date; (i) the amounts included in the fair value of plan assets for: (i) each class of the entity's own financial instruments; and

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
the fair value of the total plan assets at the reporting date; (i) the amounts included in the fair value of plan assets for: (i) each class of the entity's own financial instruments; and (ii) any property occupied by, or other assets used by, the entity. (j) the actual return on plan assets; and (k) the principal actuarial assumptions used, including, when applicable: (i) the discount rates; (ii) the expected rates of return on any plan assets for the periods presented in the financial statements; (iii) the expected rates of salary increases; (iv) medical cost trend rates; and		pension obligation reflects both vested and unvested benefits. • The IFRS for SMEs Standard clarifies that annual comprehensive valuations would not normally be necessary. In between comprehensive valuations, the valuations would be rolled forward for aggregate adjustments for employee composition and salaries, without changing the turnover or mortality assumptions. • Full IFRS Standards require an entity to recognise in other comprehensive income any adjustments arising from the change in the effect of the asset ceiling as set out in paragraph 57(d) (iii) of AASB 119. Although the IFRS for SMEs Standard specifies asset recognition limits for plan surpluses (see paragraph 28.22), it does not specify that an entity that elects to recognise actuarial gains and losses in other comprehensive income must also recognise any adjustments arising from the asset recognition limits in other comprehensive income.		(ii) any property occupied by, or other assets used by, the entity. (j) the actual return on plan assets; and (k) the principal actuarial assumptions used, including, when applicable: (i) the discount rates; (ii) the expected rates of return on any plan assets for the periods presented in the financial statements; (iii) the expected rates of salary increases; (iv) medical cost trend rates; and (v) any other material actuarial assumptions used. The reconciliations in (e) and (f) need not be presented for prior periods. A subsidiary that recognises and measures employee benefit expense on the basis of a contractual agreement or stated policy for charging the net defined benefit cost or based on their contributions payable for the period, ~~reasonable allocation of the expense recognised for the group~~ (see paragraph 41 of AASB 119 ~~28.38~~) shall, in its separate financial statements, describe the contractual agreement or stated

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(v) any other material actuarial assumptions used. The reconciliations in (e) and (f) need not be presented for prior periods. A subsidiary that recognises and measures employee benefit expense on the basis of a reasonable allocation of the expense recognised for the group (see paragraph 28.38) shall, in its separate financial statements, describe its policy for making the allocation and shall make the disclosures in (a)–(k) for the plan as a whole. **Disclosures about other long-term benefits** 28.42 For each category of other long-term benefits that an entity provides to its employees, the entity shall disclose the nature of the benefit, the amount of its obligation and the extent of funding at the reporting date. **Disclosures about termination benefits** 28.43 For each category of termination benefits that an entity provides to its employees, the entity shall disclose the nature of the benefit, the amount		• Full IFRS Standards define actuarial gains and losses and specify their composition. In the context of measuring the present value of an entity's defined benefit obligation, the IFRS for SMEs Standard describes actuarial assumptions as estimates about demographic variables (such as employee turnover and mortality) and financial variables (such as future increases in salaries and medical costs) that influence the cost of the benefit.		policy for charging the net defined benefit cost or the fact that there is no such policy, the policy for determining the contributions to be paid by the entity and ~~its policy for making the allocation~~ and shall make the disclosures in (a)–(k) for the plan as a whole. **Disclosures about other long-term benefits** 28.42 For each category of other long-term benefits that an entity provides to its employees, the entity shall disclose the nature of the benefit, the amount of its obligation and the extent of funding at the reporting date. **Disclosures about termination benefits** 28.43 For each category of termination benefits that an entity provides to its employees, the entity shall disclose the nature of the benefit, the amount of its obligation and the extent of funding at the reporting date. 28.44 When there is uncertainty about the number of employees who will accept an offer of termination benefits, a contingent liability exists. Section 21 *Provisions and Contingencies* requires an entity to disclose information about its contingent liabilities unless the possibility of an outflow in settlement is remote.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
of its obligation and the extent of funding at the reporting date. 28.44 When there is uncertainty about the number of employees who will accept an offer of termination benefits, a contingent liability exists. Section 21 Provisions and Contingencies requires an entity to disclose information about its contingent liabilities unless the possibility of an outflow in settlement is remote.				
Section 29 **Income Tax** **Presentation** **Allocation in comprehensive income and equity** 29.35 An entity shall recognise tax expense in the same component of total comprehensive income (ie continuing operations, discontinued operations or other comprehensive income) or equity as the transaction or other	AASB 112 *Income Taxes*	**Simplified** • The IFRS for SMEs standard and full IFRS (AASB 112) share similar principles, but IFRS for SMEs standard is drafted in simpler language and includes less guidance on how to apply the principles. The following key differences are noted (as per IFRS for SMEs module published by the IASB): • Amendments made to AASB 112 in 2016 clarifies that when an entity assesses whether sufficient future taxable profits will be available against which it can utilise a deductible temporary	**Remove and Add** Remove disclosure in para 29.41 that is not relevant under full IFRS and rest should be retained. Include para on current/non-current distinction as this is	**Section 29** **Income Tax** **Presentation** **Current/non-current distinction** 29.36 When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, it shall not classify any deferred tax assets (liabilities) as current assets (liabilities). **Disclosures** 29.38 An entity shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of

event that resulted in the tax expense. **Current/non-current distinction** 29.36 When an entity presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position, it shall not classify any deferred tax assets (liabilities) as current assets (liabilities). **Offsetting** 29.37 An entity shall offset current tax assets and current tax liabilities, or offset deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off the amounts and the entity can demonstrate without undue cost or effort that it plans either to settle on a net basis or to realise the asset and settle the liability simultaneously. **Disclosures** 29.38 An entity shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of the current and deferred tax consequences of recognised transactions and other events. 29.39 An entity shall disclose separately the major components of tax expense (income). Such components of tax expense (income) may include:		difference. Section 29 is not updated for this amendment. • Section 29 precludes the discounting of current and deferred tax assets and liabilities whereas AASB 112 only precludes the discounting of deferred tax assets and liabilities. • Section 29 contains guidance on recognising withholding tax on dividends paid to shareholders. AASB 112 does not contain such guidance. • AASB 112 has separate requirements for offsetting deferred tax assets and liabilities to avoid the need for detailed scheduling, whereas under Section 29 the requirements for offsetting deferred tax assets and liabilities are the same as for offsetting current tax assets and liabilities. However, Section 29 includes an undue cost or effort exemption so that offsetting income tax assets and liabilities would not be required if significant detailed scheduling is required. The exemption is intended to provide similar relief to AASB 112 without including the more complex wording used in AASB 112.	included in AASB 101 in full AAS, which is being replaced in its entirety. Do not include paras 29.35 and 29.37 as the equivalent requirement in AASB 112 (paras 71-78) will remain applicable to Tier 2 entities.	the current and deferred tax consequences of recognised transactions and other events. 29.39 An entity shall disclose separately the major components of tax expense (income). Such components of tax expense (income) may include: (a) current tax expense (income); (b) any adjustments recognised in the period for current tax of prior periods; (c) the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences; (d) the amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes; (e) the amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce tax expense; (f) adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders; (g) deferred tax expense (income) arising from the write-down, or reversal of a previous write-down, of a deferred tax asset in accordance with paragraph <u>56 of AASB 112 *Income Taxes*</u> ~~29.31~~; and

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(a) current tax expense (income); (b) any adjustments recognised in the period for current tax of prior periods; (c) the amount of deferred tax expense (income) relating to the origination and reversal of temporary differences; (d) the amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes; (e) the amount of the benefit arising from a previously unrecognised tax loss, tax credit or temporary difference of a prior period that is used to reduce tax expense; (f) adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders; (g) deferred tax expense (income) arising from the write-down, or reversal of a previous write-down, of a deferred tax asset in accordance with paragraph 29.31; and				(h) the amount of tax expense (income) relating to those changes in accounting policies and errors that are included in profit or loss in accordance with ~~Section 10*Accounting Policies, Estimates and Errors*~~ AASB 108, because they cannot be accounted for retrospectively. 29.40 An entity shall disclose the following separately: (a) the aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income. (b) the aggregate current and deferred tax relating to items that are charged or credited directly to equity. (c) an explanation of any significant differences between the tax expense (income) and accounting profit multiplied by the applicable tax rate. For example such differences may arise from transactions such as revenue that are exempt from taxation or expenses that are not deductible in determining taxable profit (tax loss).

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(h) the amount of tax expense (income) relating to those changes in accounting policies and errors that are included in profit or loss in accordance with Section 10 Accounting Policies, Estimates and Errors, because they cannot be accounted for retrospectively. 29.40 An entity shall disclose the following separately: (a) the aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income. (b) the aggregate current and deferred tax relating to items that are charged or credited directly to equity. (c) an explanation of any significant differences between the tax expense (income) and accounting profit multiplied by the applicable tax rate. For example such differences may arise from transactions such as revenue that are exempt from taxation or expenses that are				(d) an explanation of changes in the applicable tax rate(s) compared with the previous reporting period. (e) for each type of temporary difference and for each type of unused tax losses and tax credits: (i) the amount of deferred tax liabilities and deferred tax assets at the end of the reporting period; and (ii) an analysis of the change in deferred tax liabilities and deferred tax assets during the period. (f) the amount (and expiry date, if any) of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the statement of financial position. (g) in the circumstances described in paragraph <u>52A of AASB 112</u> ~~29.33~~, an explanation of the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders. ~~29.41 If an entity does not offset tax assets and liabilities in accordance with paragraph~~

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
not deductible in determining taxable profit (tax loss). (d) an explanation of changes in the applicable tax rate(s) compared with the previous reporting period. (e) for each type of temporary difference and for each type of unused tax losses and tax credits: (i) the amount of deferred tax liabilities and deferred tax assets at the end of the reporting period; and (ii) an analysis of the change in deferred tax liabilities and deferred tax assets during the period. (f) the amount (and expiry date, if any) of deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax asset is recognised in the statement of financial position. (g) in the circumstances described in paragraph 29.33, an explanation of the nature of the				~~29.37 because it is unable to demonstrate without undue cost or effort that it plans to settle them on a net basis or realise them simultaneously, the entity shall disclose the amounts that have not been offset and the reasons why applying the requirement would involve undue cost or effort.~~ Deleted by the AASB

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
potential income tax consequences that would result from the payment of dividends to its shareholders. 29.41 If an entity does not offset tax assets and liabilities in accordance with paragraph 29.37 because it is unable to demonstrate without undue cost or effort that it plans to settle them on a net basis or realise them simultaneously, the entity shall disclose the amounts that have not been offset and the reasons why applying the requirement would involve undue cost or effort.				
Section 30 **Foreign currency translation Disclosures** 30.24 In paragraphs 30.26 and 30.27, references to 'functional currency' apply, in the case of a group, to the functional currency of the parent. 30.25 An entity shall disclose the following: (a) the amount of exchange differences recognised in profit or loss during the period, except for those arising on financial instruments measured	AASB 121 *The Effects of Changes in Foreign Exchange Rates*	**No significant differences** Recognition and measurement principles for IFRS SMEs is **similar** to AASB 121 except for: **Disposal of foreign operation that was a subsidiary:** • The IFRS for SMEs Standard prohibits any cumulative amount of exchange differences relating to a foreign operation, that were previously recognised in other comprehensive income, from being reclassified from equity to	**Retain**	**Section 30** **Foreign currency translation** **Disclosures** 30.24 In paragraphs 30.26 and 30.27, references to 'functional currency' apply, in the case of a group, to the functional currency of the parent. 30.25 An entity shall disclose the following: (a) the amount of exchange differences recognised in profit or loss during the period, except for those arising on financial instruments measured at fair value through profit or loss in

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
at fair value through profit or loss in accordance with Section 11 Basic Financial Instruments and Section 12; and (b) the amount of exchange differences arising during the period and classified in a separate component of equity at the end of the period. 30.26 An entity shall disclose the currency in which the financial statements are presented. When the presentation currency is different from the functional currency, an entity shall state that fact and shall disclose the functional currency and the reason for using a different presentation currency. 30.27 When there is a change in the functional currency of either the reporting entity or a significant foreign operation, the entity shall disclose that fact and the reason for the change in functional currency.		profit or loss (as a reclassification adjustment) when the gain or loss on disposal is recognised. AASB 121 requires that the amount is reclassified from equity to profit or loss (see paragraph 48 of AASB 121). • The IFRS for SMEs Standard does not have specific procedures for the translation of the results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy into a different presentation currency, while AASB 121 does have such procedures.		accordance with AASB 9~~Section 11 Basic Financial Instruments and Section 12~~; and (b) the amount of exchange differences arising during the period and classified in a separate component of equity at the end of the period. 30.26 An entity shall disclose the currency in which the financial statements are presented. When the presentation currency is different from the functional currency, an entity shall state that fact and shall disclose the functional currency and the reason for using a different presentation currency. 30.27 When there is a change in the functional currency of either the reporting entity or a significant foreign operation, the entity shall disclose that fact and the reason for the change in functional currency.
Section 31 **Hyperinflation** **Disclosures**	AASB 129 *Financial Reporting in Hyperinflationary Economies*	**No Significant Difference** However, there is an option in full IFRS which is not in IFRS for SMEs: When a reliable general price index is not available, full IFRS Standards allow	**Remove** and **Add** Remove paragraph 31.15(c) on	**Section 31** **Hyperinflation** **Disclosures**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
31.15 An entity to which this section applies shall disclose the following: (a) the fact that financial statements and other prior period data have been restated for changes in the general purchasing power of the functional currency; (b) the identity and level of the price index at the reporting date and changes during the current reporting period and the previous reporting period; and (c) amount of gain or loss on monetary items.		entities to use an estimate based, for example, on the movements in the exchange rate between the functional currency and a relatively stable foreign currency. The IFRS for SMEs Standard contains no such guidance. Full IFRS further provides guidance on how to remeasure financial statements that have been prepared on a current cost approach.	the basis that this not required under full IFRS. Add requirement to disclose the accounting policy if the financial statements have been prepared on a current cost approach.	31.15 An entity to which <u>AASB 129 *Financial Reporting in Hyperinflationary Economies*</u> applies shall disclose the following: (a) the fact that financial statements and other prior period data have been restated for changes in the general purchasing power of the functional currency; (b) the identity and level of the price index at the reporting date and changes during the current reporting period and the previous reporting period; and ~~(c) amount of gain or loss on monetary items.~~ Deleted by the AASB <u>Aus31.15.1 An entity that applies AASB 129 shall also disclose whether the financial statements are based on a historical cost approach or a current cost approach</u>.
Section 32 **Events after the End of the Reporting Period** **Disclosure** **Date of authorisation for issue** 32.9 An entity shall disclose the date when the financial statements were	AASB 110 *Events after the Reporting Period*	**No significant difference** Smaller differences relate to: • full IFRS Standards, through AASB Interpretation 17 Distribution of Non-cash Assets to Owners, provides more guidance on when	**Retain** Staff have retained paragraph 32.4 as it also refers to disclosures, and the	**Section 32** **Events after the End of the Reporting Period** **Disclosure** **Adjusting events after the end of the reporting period** 32.4 An entity shall adjust the amounts recognised in its financial statements,

authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact. **Non-adjusting events after the end of the reporting period** 32.10 An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period: (a) the nature of the event; and (b) an estimate of its financial effect or a statement that such an estimate cannot be made. 32.11 The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue: (a) a major business combination or disposal of a major subsidiary; (b) announcement of a plan to discontinue an operation; (c) major purchases of assets, disposals or plans to dispose of assets, or expropriation of major assets by government;		to recognise a dividend payable in the financial statements; • the IFRS for SMEs Standard is drafted in simpler language than that used in full IFRS Standards; and • guidance on going concern is specifically included in AASB 110 whereas it is in Section 3 Financial Statement Presentation of the IFRS for SMEs Standard; IFRS for SMEs standard does not discuss going concern assumption becoming inappropriate after the end of the reporting period.	correspon-ding require-ments in AASB 110 are included within the disclosure paragraphs. Staff note that RDR entities are not currently required to update their disclosures (paragraph 19 is shaded), but have retained the requirement consistent with the general principle to keep differences to the IFRS for SMEs standard at a minimum.	including related disclosures, to reflect adjusting events after the end of the reporting period. **Date of authorisation for issue** 32.9 An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact. **Non-adjusting events after the end of the reporting period** 32.10 An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period: (a) the nature of the event; and (b) an estimate of its financial effect or a statement that such an estimate cannot be made. 32.11 The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue: (a) a major business combination or disposal of a major subsidiary; (b) announcement of a plan to discontinue an operation;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(d) the destruction of a major production plant by a fire; (e) announcement, or commencement of the implementation, of a major restructuring; (f) issues or repurchases of an entity's debt or equity instruments; (g) abnormally large changes in asset prices or foreign exchange rates; (h) changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities; (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and (j) commencement of major litigation arising solely out of events that occurred after the end of the reporting period.				(c) major purchases of assets, disposals or plans to dispose of assets, or expropriation of major assets by government; (d) the destruction of a major production plant by a fire; (e) announcement, or commencement of the implementation, of a major restructuring; (f) issues or repurchases of an entity's debt or equity instruments; (g) abnormally large changes in asset prices or foreign exchange rates; (h) changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities; (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and (j) commencement of major litigation arising solely out of events that occurred after the end of the reporting period.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Section 33 **Related Party Disclosures** **Scope of this section** 33.1 This section requires an entity to include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties. **Related party defined** 33.2 A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity): (a) a person or a close member of that person's family is related to a reporting entity if that person: (i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity;	AASB 124 *Related Party Disclosures*	**No significant difference** AASB 124 only discusses disclosures, there are no R&M differences. The following key differences were noted as per FRS for SMEs module published by the IASB: • AASB 124 paragraph 17 requires the disclosure of key management personnel compensation both in total and also classified in the following categories: short-term employee benefits, post-employment benefits, other long-term benefits, termination benefits, and share-based payment. Paragraph 33.7 requires the disclosure of key management personnel compensation in total only—it does not explicitly require any categorisation of such compensation. • Paragraph 33.10(a) groups into a single category the entities that are listed separately in AASB 124 paragraph 19(a) and (b), and paragraph 33.10(b) groups into a single category the entities that	**Retain** AASB 124 is replaced in its entirety by section 33. However, staff have added an exemption based on AASB 124 paragraph 17A and the associated disclosure based on paragraph 18A on the basis that Tier 2 entities should not be subject to stricter re-quirements than Tier 1 entities. Staff do note that last	**Section 33** **Related Party Disclosures** **Scope of this section** 33.1 This section requires an entity to include in its financial statements the disclosures necessary to draw attention to the possibility that its financial position and profit or loss have been affected by the existence of related parties and by transactions and outstanding balances with such parties. **Related party defined** 33.2 A related party is a person or entity that is related to the entity that is preparing its financial statements (the reporting entity): (a) a person or a close member of that person's family is related to a reporting entity if that person: (i) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity; (ii) has control or joint control over the reporting entity; or

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(ii) has control or joint control over the reporting entity; or (iii) has significant influence over the reporting entity. (b) an entity is related to a reporting entity if any of the following conditions applies: (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) both entities are joint ventures of the same third entity. (iv) one entity is a joint venture of a third entity and the other entity is an		are listed separately in AASB 124 paragraph 19(c)–(e). • Both AASB 124 and Section 33 provide exemptions from general related party disclosures for government related entities. However, when an entity applies those exemptions AASB 124 requires more disclosures than those specified in paragraph 33.11 of the IFRS for SMEs Standard). For example, full IFRS Standards require disclosure of the nature and amount of each individually significant transaction in sufficient details to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements. The IFRS for SME Standard does not include this disclosure requirement.	sentence of para 33.11 is not currently required for RDR entities (paragraph 26 in AASB 124 is shaded), but have retained the disclosure consistent with the general principle to keep differences to the IFRS for SMEs standard at a minimum.	(iii) has significant influence over the reporting entity. (b) an entity is related to a reporting entity if any of the following conditions applies: (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others). (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member). (iii) both entities are joint ventures of the same third entity. (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
associate of the third entity. (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. (vi) the entity is controlled or jointly controlled by a person identified in (a). (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity. (viii) a person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel				reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity. (vi) the entity is controlled or jointly controlled by a person identified in (a). (vii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity. (viii) a person identified in (a)(ii) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). 33.3 In considering each possible related party relationship, an entity shall assess the substance of the relationship and not merely the legal form. 33.4 In the context of this Standard, the following are not necessarily related parties:

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
of the entity (or of a parent of the entity). 33.3 In considering each possible related party relationship, an entity shall assess the substance of the relationship and not merely the legal form. 33.4 In the context of this Standard, the following are not necessarily related parties: (a) two entities simply because they have a director or other member of key management personnel in common; (b) two venturers simply because they share joint control over a joint venture; (c) any of the following simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process): (i) providers of finance; (ii) trade unions; (iii) public utilities; or				(a) two entities simply because they have a director or other member of key management personnel in common; (b) two venturers simply because they share joint control over a joint venture; (c) any of the following simply by virtue of their normal dealings with an entity (even though they may affect the freedom of action of an entity or participate in its decision-making process): (i) providers of finance; (ii) trade unions; (iii) public utilities; or (iv) government departments and agencies. (d) a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, merely by virtue of the resulting economic dependence. **Disclosures** **Disclosure of parent-subsidiary relationships**

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(iv) government departments and agencies. (d) a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, merely by virtue of the resulting economic dependence. **Disclosures** **Disclosure of parent-subsidiary relationships** 33.5 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been related party transactions. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so (if any) shall also be disclosed. **Disclosure of key management personnel compensation**				33.5 Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been related party transactions. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so (if any) shall also be disclosed. **Disclosure of key management personnel compensation** 33.6 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Compensation includes all employee benefits (as defined in ~~Section 28~~ AASB 119) including those in the form of share-based payment (see ~~Section 26~~ AASB 2 *Share-based Payment*). Employee benefits include all forms of consideration paid, payable or provided by the entity, or on behalf of the entity (for example, by its parent or by a shareholder), in exchange for services rendered to the entity. It also includes such consideration paid on behalf

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
33.6 Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Compensation includes all employee benefits (as defined in Section 28 Employee Benefits) including those in the form of share-based payment (see Section 26 Share-based Payment). Employee benefits include all forms of consideration paid, payable or provided by the entity, or on behalf of the entity (for example, by its parent or by a shareholder), in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of goods or services provided to the entity. 33.7 An entity shall disclose key management personnel compensation in total. **Disclosure of related party transactions** 33.8 A related party transaction is a transfer of resources, services or obligations between a reporting				of a parent of the entity in respect of goods or services provided to the entity. 33.7 An entity shall disclose key management personnel compensation in total. <u>Aus33.7.1</u> <u>If an entity obtains key management personnel services from another entity (the 'management entity'), the entity is not required to apply the requirements in paragraph 33.7 to the compensation paid or payable by the management entity to the management entity's employees or directors.</u> <u>Aus33.7.2</u> <u>Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.</u> **Disclosure of related party transactions** 33.8 A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. Examples of related party transactions that are common to ~~SMEs~~ <u>entities within</u>

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
entity and a related party, regardless of whether a price is charged. Examples of related party transactions that are common to SMEs include, but are not limited to: (a) transactions between an entity and its principal owner(s); (b) transactions between an entity and another entity when both entities are under the common control of a single entity or person; and (c) transactions in which an entity or person that controls the reporting entity incurs expenses directly that otherwise would have been borne by the reporting entity. 33.9 If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements. Those disclosure requirements are in addition to the				<u>the scope of this Standard</u> include, but are not limited to: (a) transactions between an entity and its principal owner(s); (b) transactions between an entity and another entity when both entities are under the common control of a single entity or person; and (c) transactions in which an entity or person that controls the reporting entity incurs expenses directly that otherwise would have been borne by the reporting entity. 33.9 If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements. Those disclosure requirements are in addition to the requirements in paragraph 33.7 to disclose key management personnel compensation. At a minimum, disclosures shall include: (a) the amount of the transactions;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
requirements in paragraph 33.7 to disclose key management personnel compensation. At a minimum, disclosures shall include: (a) the amount of the transactions; (b) the amount of outstanding balances and: (i) their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received. (c) provisions for uncollectable receivables related to the amount of outstanding balances; and (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties. Such transactions could include purchases, sales or transfers of goods or services; leases; guarantees; and				(b) the amount of outstanding balances and: (i) their terms and conditions, including whether they are secured and the nature of the consideration to be provided in settlement; and (ii) details of any guarantees given or received. (c) provisions for uncollectable receivables related to the amount of outstanding balances; and (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties. Such transactions could include purchases, sales or transfers of goods or services; leases; guarantees; and settlements by the entity on behalf of the related party or vice versa. 33.10 An entity shall make the disclosures required by paragraph 33.9 separately for each of the following categories: (a) entities with control, joint control or significant influence over the entity;

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
settlements by the entity on behalf of the related party or vice versa. 33.10 An entity shall make the disclosures required by paragraph 33.9 separately for each of the following categories: (a) entities with control, joint control or significant influence over the entity; (b) entities over which the entity has control, joint control or significant influence; (c) key management personnel of the entity or its parent (in the aggregate); and (d) other related parties. 33.11 An entity is exempt from the disclosure requirements of paragraph 33.9 in relation to: (a) a state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity; and (b) another entity that is a related party because the same state has control, joint control or				(b) entities over which the entity has control, joint control or significant influence; (c) key management personnel of the entity or its parent (in the aggregate); and (d) other related parties. 33.11 An entity is exempt from the disclosure requirements of paragraph 33.9 in relation to: (a) a state (a national, regional or local government) that has control, joint control or significant influence over the reporting entity; and (b) another entity that is a related party because the same state has control, joint control or significant influence over both the reporting entity and the other entity. However, the entity must still disclose a parent-subsidiary relationship as required by paragraph 33.5. 33.12 The following are examples of transactions that shall be disclosed if they are with a related party: (a) purchases or sales of goods (finished or unfinished);

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
significant influence over both the reporting entity and the other entity. However, the entity must still disclose a parent-subsidiary relationship as required by paragraph 33.5. 33.12 The following are examples of transactions that shall be disclosed if they are with a related party: (a) purchases or sales of goods (finished or unfinished); (b) purchases or sales of property and other assets; (c) rendering or receiving of services; (d) leases; (e) transfers of research and development; (f) transfers under licence agreements; (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);				(b) purchases or sales of property and other assets; (c) rendering or receiving of services; (d) leases; (e) transfers of research and development; (f) transfers under licence agreements; (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind); (h) provision of guarantees or collateral; (i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party; and (j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities. 33.13 An entity shall not state that related party transactions were made on terms equivalent to those that prevail in arm's length transactions unless such terms can be substantiated.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
(h) provision of guarantees or collateral; (i) settlement of liabilities on behalf of the entity or by the entity on behalf of another party; and (j) participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities. 33.13 An entity shall not state that related party transactions were made on terms equivalent to those that prevail in arm's length transactions unless such terms can be substantiated. 33.14 An entity may disclose items of a similar nature in the aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity				33.14 An entity may disclose items of a similar nature in the aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity
Section 34 **Specialised Activities** **Disclosures—fair value model**	Paragraph 34.1-34.10 is relevant to AASB 141 *Agriculture*	**AASB 141 *Agriculture*** **Modified** • IFRS for SMEs does not include any guidance on government grants as it has not scoped out government grant from section	AASB 141 **Retain** Leave the disclosures in IFRS for SMEs as is and remove	**Section 34** ~~**Specialised Activities**~~ **Biological Assets** **Disclosures – fair value model**

34.7 An entity shall disclose the following with respect to its biological assets measured at fair value: (a) a description of each class of its biological assets. (b) the methods and significant assumptions applied in determining the fair value of each category of agricultural produce at the point of harvest and each category of biological assets. (c) a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include: (i) the gain or loss arising from changes in fair value less costs to sell; (ii) increases resulting from purchases; (iii) decreases resulting from harvest; (iv) increases resulting from business combinations; (v) net exchange differences arising on the translation of financial statements into a different presentation currency and on the translation of a	Paragraph 34.11-34.11F is relevant to AASB 6 *Exploration for and Evaluation of Mineral Resources* Paragraph 34.12-34.16 is relevant to Interpretation 12 *Service Concession Arrangements*	24. (Para 34-38 of AASB 141 which is related to government grant). However, accounting for government grants under section 24 is consistent with requirements for government grants in AASB 141. • Bearer plants are accounted for under AASB 116 in full IFRS, but as biological assets at FV under IFRS for SMEs. • Full IFRS requires measuring at fair value unless FV cannot be measured reliably and there is a presumption that it can be measured reliably (paragraph 30). In contrast, IFRS for SMEs only requires FV measurement if the FV is readily available 'without undue cost or effort'. • Specific guidance on FV measurement included in IFRS for SMEs (para 34.6) is included in IFRS 13 in full IFRS. IFRS for SMEs standard does not directly use the terms market/income/cost approach. But the principles are same as in full IFRS. **AASB 6 *Exploration for and evaluation of mineral resources*: No significant difference** **AASB Interpretation 12 Service concession arrangements: No significant difference**	reference to undue cost and effort in para 34.10 (b). AASB 6 **Retain** No disclosures are specified in IFRS for SMEs. Interpretation 12 **Retain** No disclosures are specified in IFRS for SMEs.	34.7 An entity shall disclose the following with respect to its biological assets measured at fair value: (a) a description of each class of its biological assets. (b) the methods and significant assumptions applied in determining the fair value of each category of agricultural produce at the point of harvest and each category of biological assets. (c) a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include: (i) the gain or loss arising from changes in fair value less costs to sell; (ii) increases resulting from purchases; (iii) decreases resulting from harvest; (iv) increases resulting from business combinations; (v) net exchange differences arising on the translation of financial statements into a different presentation currency and on the translation of a foreign operation into the

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
foreign operation into the presentation currency of the reporting entity; and (vi) other changes. This reconciliation need not be presented for prior periods. **Disclosures—cost model** 34.10 An entity shall disclose the following with respect to its biological assets measured using the cost model: (a) a description of each class of its biological assets; (b) an explanation of why fair value cannot be measured reliably without undue cost or effort; (c) the depreciation method used; (d) the useful lives or the depreciation rates used; and (e) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.		• However, any R&M differences between full IFRS and IFRS for SMEs in section 11, 12, 23 and 18 may need to be considered as these sections link those section mentioned above.		presentation currency of the reporting entity; and (vi) other changes. This reconciliation need not be presented for prior periods. **Disclosures – cost model** 34.10 An entity shall disclose the following with respect to its biological assets measured using the cost model: (a) a description of each class of its biological assets; (b) an explanation of why fair value cannot be measured reliably ~~without undue cost or effort;~~ (c) the depreciation method used; (d) the useful lives or the depreciation rates used; and (e) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
Section 35 **Transition to the IFRS for SMEs** **Disclosures** **Explanation of transition to the IFRS for SMEs** 35.12 An entity shall explain how the transition from its previous financial reporting framework to this Standard affected its reported financial position, financial performance and cash flows. 35.12A An entity that has applied the IFRS for SMEs in a previous period, as described in paragraph 35.2, shall disclose: (a) the reason it stopped applying the IFRS for SMEs; (b) the reason it is resuming the application of the IFRS for SMEs; and (c) whether it has applied this section or has applied the IFRS for SMEs retrospectively in accordance with Section 10. **Reconciliations**	AASB 1 *First-time Adoption of Australian Accounting Standards*	**Simplified** The following key differences were noted as per IFRS for SMEs module published by the IASB: • The IFRS for SMEs Standard includes an 'impracticability' exemption (which is not in AASB 1). Restatement for one or more adjustments is not required if impracticable. Similarly, any disclosures, including comparative disclosures, are not required if providing them is impracticable (see paragraph 35 11). • The exceptions specified in paragraph 35.9(a)–35.9(c) and 35.9(e)–35.9(f) are similar to the exceptions in AASB 1. However, there are differences in the detail, which will cause differences in practice. • The exception in paragraph 35.9(d) regarding discontinued operations is absent from AASB 1. • For most of the exemptions in paragraph 35.10 there are similar exemptions under AASB 1. However, there are some	**Retain** The R&M differences do not affect the disclosures. Thus the disclosures can largely be retained. Staff note that para 35.12, 35.13(c), 35.14 and 35.16 are not currently required for RDR entities, but have retained the disclosures consistent with the general principle to keep differences to the IFRS for SMEs	**Section 35** **Transition to ~~the IFRS for SMEs~~ Australian Accounting Standards – Simplified Disclosures** The following disclosures must be provided where an entity has not previously complied with the full recognition and measurement requirements in Australian Accounting Standards, and has applied the transitional requirements of paragraph 18A(a)(i) of AASB 1053. **Disclosures** **Explanation of transition to Australian Accounting Standards – Simplified Disclosures ~~the IFRS for SMEs~~** 35.12 An entity shall explain how the transition from its previous financial reporting framework to ~~this standard~~ Australian Accounting Standards – Simplified Disclosures affected its reported financial position, financial performance and cash flows. 35.12A An entity that has applied ~~the IFRS for SMEs~~ Australian Accounting Standards or IFRSs in a previous period, as described in paragraph ~~35.2~~ 4A of AASB 1 *First-time Adoption of Australian Accounting Standards*, shall disclose:

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
35.13 To **comply** with paragraph 35.12, an entity's first financial statements prepared using this Standard shall include: (a) a description of the nature of each change in accounting policy; (b) reconciliations of its equity determined in accordance with its previous financial reporting framework to its equity determined in accordance with this Standard for both of the following dates: (i) the date of transition to this Standard; and (ii) the end of the latest period presented in the entity's most recent annual financial statements determined in accordance with its previous financial reporting framework. (c) a reconciliation of the profit or loss determined in accordance with its previous financial reporting framework for the latest period in the entity's		differences in the detail (in many cases AASB 1 contains stricter requirements), which will cause differences in practice. • Paragraph 35.10(h) allows a first-time adopter of the IFRS for SMEs Standard to apply Section 29 Income Tax from the date of transition to the IFRS for SMEs Standard. This exemption is not present in AASB 1. • There are a number of exemptions and exceptions in AASB 1 that are not included in Section 35 because they are not relevant to the accounting requirements in the IFRS for SMEs Standard (e.g. exemptions relating to embedded derivatives, impairment of financial assets, insurance, employee benefits, assets and liabilities of subsidiaries, associates and joint ventures, and designation of previously recognised financial instruments). • Section 35 does not require the statement of financial position at the date of transition to be presented in the financial statements in which an entity	standard at a minimum	(a) the reason it stopped applying ~~the IFRS for SMEs~~ Australian Accounting Standards or IFRSs; (b) the reason it is resuming the application of ~~the IFRS for SMEs~~ Australian Accounting Standards or IFRSs; and (c) whether it has applied ~~this section~~ AASB 1 or has applied ~~the IFRS for SMEs~~ Australian Accounting Standards – Simplified Disclosures retrospectively in accordance with ~~Section 10~~ AASB 108. **Reconciliations** 35.13 ~~To comply with paragraph 35.12, a~~An entity's first financial statements prepared using ~~this Standard~~ Australian Accounting Standards – Simplified Disclosures shall include: (a) a description of the nature of each change in accounting policy; (b) reconciliations of its equity determined in accordance with its previous financial reporting framework to its equity determined in accordance with ~~this Standard~~ Australian Accounting Standards –

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
most recent annual financial statements to its profit or loss determined in accordance with this Standard for the same period. 35.14 If an entity becomes aware of errors made under its previous financial reporting framework, the reconciliations required by paragraph 35.13(b) and (c) shall, to the extent practicable, distinguish the correction of those errors from changes in accounting policies. 35.15 If an entity did not present financial statements for previous periods, it shall disclose that fact in its first financial statements that conform to this Standard.		first adopts the IFRS for SMEs Standard whereas AASB 1 requires the statement of financial position at the date of transition to IFRS Standards to be presented in the first IFRS financial statements. • Section 35 requires a reconciliation of the previous year's profit or loss whereas AASB 1 requires a reconciliation of total comprehensive income. • Section 35 does not require a number of the other disclosures in AASB 1, for example, in relation to the: use of fair value as deemed cost (paragraph 30 of AASB 1);use of deemed cost for investments in subsidiaries, jointly controlled entities and associates (paragraph 31 of AASB 1); or use of deemed cost for oil and gas assets (paragraph 31A of AASB 1).		Simplified Disclosures for both of the following dates: (i) the date of transition to ~~this Standard~~ Australian Accounting Standards – Simplified Disclosures; and (ii) the end of the latest period presented in the entity's most recent annual financial statements determined in accordance with its previous financial reporting framework. (c) a reconciliation of the profit or loss determined in accordance with its previous financial reporting framework for the latest period in the entity's most recent annual financial statements to its profit or loss determined in accordance with Australian Accounting Standards – Simplified Disclosures ~~this Standard~~ for the same period. 35.14 If an entity becomes aware of errors made under its previous financial reporting framework, the reconciliations required by paragraph 35.13(b) and (c) shall, to the extent practicable, distinguish the correction of those errors from changes in accounting policies.

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
				35.15 If an entity did not present financial statements for previous periods, it shall disclose that fact in its first financial statements that conform to <u>Australian Accounting Standards – Simplified Disclosures</u> ~~this Standard~~.
IFRS standards not covered in IFRS for SMEs standard	AASB 8, AASB 133, AASB 4 do not have equivalent sections in IFRS for SMEs standard. AASB 5 is not directly covered. AASB 13 is covered in multiple sections (see detailed comparison of disclosures required under RDR and AASB 10xx)	**Excluded** • AASB 8 and AASB 133 only apply if entity is in process of listing – i.e. has public accountability. These standards should therefore not be relevant to the entities that would be eligible to apply the proposed disclosure standard. Similarly, insurers would typically have public accountability and hence have to been covered in this standard. • While AASB 5 and AASB 13 do not have separate sections, they are covered in other sections as appropriate - e.g. PPE, Intangible assets, impairment. • AASB 5 provides that assets held for sale must be measured at lower of carrying amount and fair value less costs to sell. Under IFRS for SMEs, plans to dispose of	***No additional disclosures required.*** The main difference in relation to AASB 5 is that full IFRS requires separate presentation of assets held for sale in the statement of financial position, and separate disclosure of the results of discontinuing operations	

IFRS for SMEs (includes disclosure requirements only except for Sections 3,4,5,6,7 and 8 and unless the paragraphs also included disclosure requirements)	Equivalent AASB Standard	Assessment of R&M differences	Recommendation (Retain/Add / Remove)	Final proposed text on disclosure requirements (An entity applying this Standard should apply R&M requirements in full AASs)
		asset is an impairment indicator and would require impairment testing per section 27. 27.13 states FVLCTS is used when assets are held for sale, which will essentially result in the same carrying amount of the assets as if AASB 5 is applied.	in the statement of profit or loss, which is not required under IFRS for SMEs. However, this is a presentation difference and since IFRS for SMEs does not require this presentation, it should also not be required in the proposed disclosure standard.	