

Agenda paper 3.4

Staff Analysis: AASB Standards coverage in the new Tier 2 Standard

Staff note to the Board:

Significant judgements exercised in this analysis are included in BC59 of the ED (Agenda Paper 3.1).

- 1 A number of AASB standards are not addressed in the proposed new Tier 2 Standard. The table below summarises why staff do not consider that these standards need to be captured.

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
AASB 1 <i>First-time Adoption of Australian Accounting Standards</i>	Presentation and disclosures p.20-33 Appendix F Australian Reduced Disclosure Requirements- Aus F1, Aus F2, Aus F3 and RDR 21.1	Section 35 Transition to the IFRS for SMEs	Yes	Incorporated	No actions required
AASB 2 <i>Share-based Payment</i>	Disclosures p.44-52 Appendix C Australian reduced disclosure requirements AusC1, AusC2,AusC3, RDR 46.1, RDR 46.2 and RDR 50.1	Section 26 <i>Share-based Payment</i>	Yes	Incorporated	No actions required
AASB 3 <i>Business Combinations</i>	Disclosures p.59-63	Section 19 <i>Business Combinations and Goodwill</i>	Yes	Incorporated	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
	Application guidance p. B64- B67 Appendix C Australian reduced disclosure requirement AusC1,AusC2,AusC3, RDRB65.1 and RDRB67.1				
AASB 4 <i>Insurance Contracts</i>	Presentation p.35B-35N Disclosure p.36- 39M	N/A	Yes	<i>Entities applying this standard would have public accountability as holding assets in fiduciary capacity. Thus these standards are not applicable for Tier 2 entities.</i>	No actions required
AASB 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	Presentation and Disclosure p.30-42 Appendix D Australian reduced disclosure requirement Aus D1 and Aus D2		Yes	AASB 5 is not separately covered in the IFRS for SMEs standard. Instead, the IFRS for SMEs standard has the following requirements: <ul style="list-style-type: none"> • holding assets for sale triggers an assessment for impairment per section 27 and • specific disclosures in paragraph 4.14 when an entity has a binding sale agreement for a major 	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
				<p>disposal of assets, or a group of assets and liabilities.</p> <p>The IASB confirmed in BC119 of the IFRS for SMEs standard that these requirements would ensure assets are not overstated and relevant information is provided to users of SMEs financial statements.</p> <p>The impairment requirements in section 27 will essentially result in the same carrying amount of the assets as if AASB 5 is applied. Thus there are no differences in recognition and measurement requirements. On that basis, staff recommend retaining the IFRS for SMEs presentation and disclosures in relation to assets held for sale and discontinued operations without further changes.</p>	
AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>	Presentation p.15-17 Disclosure p.23-25	Section 34 <i>Specialised Activities</i>	Yes	Incorporated	

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
AASB 7 Financial Instruments: Disclosures	Disclosure standard The standard is replaced in its entirety	Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues	Yes	Incorporated	No actions required
AASB 8 <i>Operating Segments</i>	Disclosure p.20-34 Appendix C Australian reduced disclosure requirements AusC1	N/A	Yes	<i>Requires disclosure of segment information only for entities which have debt or equity instruments (ordinary shares or potential ordinary shares) that are traded, or in the process of being issued for trading in a public market. Thus this standard is not applicable for Tier 2 entities.</i>	No actions required
AASB 9 <i>Financial Instruments</i>	No Disclosures	Section 11 <i>Basic Financial Instruments</i> and Section 12 <i>Other Financial Instrument Issues</i>	No	Incorporated; relevant disclosures are in AASB 7	No actions required
AASB 10 <i>Consolidated Financial Statements</i>	No Disclosures	Section 9 <i>Consolidated And Separate Financial Statements</i>	No	Incorporated; relevant disclosures are covered in AASB 12	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
AASB 11 <i>Joint Arrangements</i>	No Disclosures	Section 14 <i>Investments In Associates</i> Section 15 <i>Investments In Joint Ventures</i>	No	Incorporated; relevant disclosures are covered in AASB 12	No actions required
AASB 12 <i>Disclosure of Interests in Other Entities</i>	Disclosure Standard The standard is replaced in its entirety	Section 9 <i>Consolidated And Separate Financial Statements</i>	Yes	Incorporated	No actions required
AASB 13 <i>Fair Value Measurement</i>	Disclosures p.91-99 Appendix E Australian reduced disclosure requirements AusE1 and Aus E2	-	Yes	Incorporated and covered in other sections such as PPE, Intangible assets, impairment.	No actions required
AASB 14 <i>Regulatory Deferral Accounts</i>	Presentation p.18-26 Disclosure - p.27-36	N/A	Yes	<i>Only relevant for entities that have recognised regulatory deferral account balances under previous GAAP. Not applicable for Australian entities that have complied with all recognition and measurement requirements. While staff are not aware of any entities that may be eligible to apply AASB 14 on transitioning to GPFS from SPFS, we recommend raising this as</i>	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
				<i>specific matter for comment in the exposure draft.</i>	
AASB 15 <i>Revenue from Contracts with Customers</i>	Presentation p.105-109 Disclosure p.110 -129 Australian Reduced disclosure requirements AusE1 and AusE2.	Section 23 <i>Revenue</i>	Yes	Incorporated	No actions required
AASB 16 <i>Leases</i>	Lessees Presentation p.47-50 Lessees Disclosures p.51-60, B48-B52 Lessors Presentation: p.88 Lessors Disclosures p.89-92	Section 20 <i>Leases</i>	Yes	Incorporated	No actions required
AASB 17 <i>Insurance Contracts</i>	Presentation p.78-92 Disclosure p.93-132	N/A	Yes	<i>Entities applying this standard would have public accountability as holding assets in fiduciary capacity. Thus these standards are not applicable for Tier 2 entities.</i>	No actions required
AASB 101 <i>Presentation of Financial Statements</i>	Presentation and disclosure standard.	Section 3 <i>Financial Statement Presentation</i>	Yes	Incorporated	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
	The standard is replaced in its entirety.	Section 4 <i>Statement Of Financial Position</i> Section 5 <i>Statement Of Comprehensive Income And Income Statement</i> Section 6 <i>Statement Of Changes In Equity And Statement Of Income And Retained Earnings</i> Section 8 <i>Notes To The Financial Statements</i>			
AASB 102 <i>Inventories</i>	Disclosure p.36-39 Appendix B Australian reduced Disclosure requirements AusB1 and AusB2	Section 13 <i>Inventories</i>	Yes	Incorporated	No actions required
AASB 107 <i>Statement of Cash Flows</i>	Disclosure standard The standard is replaced in its entirety	Section 7 <i>Statement Of Cash Flows</i>	Yes	Incorporated	No actions required
AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	Disclosure paragraphs appear after related R&M p.28-31 Disclosure p.39-40	Section 10 <i>Accounting Policies, Estimates and Errors</i>	Yes	Incorporated	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
	Disclosure p.49 Appendix A Australian Reduced disclosure requirement AusA1, AusA2,Aus A3 and RDR28.1				
AASB 110 <i>Events after the Reporting Period</i>	Dividends disclosure in p. 13 Going concern disclosure p.16 Disclosure p.17-22 Appendix A Australian reduced disclosure requirements AusA1 and AusA2	Section 32 <i>Events After The End Of The Reporting Period</i>	Yes	Incorporated	No actions required
AASB 112 <i>Income Taxes</i>	Presentation p.71-78 Disclosure p. 79-88 Appendix A Australian Reduced disclosure requirements AusA1, AusA2,AusA3 and RDR81.1	Section 29 <i>Income Taxes</i>	Yes	Incorporated	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
AASB 116 <i>Property, Plant and Equipment</i>	Disclosure p.73-79 Appendix B Australian Reduced disclosure requirement AusB1, AusB2, AusB3 and RDR73.1	Section 17 <i>Property, Plant and Equipment</i>	Yes	Incorporated	No actions required
AASB 119 <i>Employee Benefits</i>	Short Term employee benefits Disclosures p. 25 Multi-employer plans disclosures p.33-34 Group plans disclosures p.42 Defined Contribution Plans Disclosures p.53,54 Defined Benefit Plans Presentation p.131-134 Disclosures from p.135-152 Long term employee benefits p.158 Termination Benefits p.171	Section 28 <i>Employee Benefits</i>	Yes	Incorporated	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
	Appendix C Australian reduced disclosure requirements AusC1, AusC2, AusC3 and RDR140.1				
AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	Presentation of grants related to assets p.24-28 Presentation of grants relate to income p.29-31 Disclosure p.39	Section 24 <i>Government Grants</i>	Yes	Incorporated	No actions required
AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	Disclosure p.51-57 Appendix A Australian reduced disclosure requirements AusA1 and AusA2	Section 30 <i>Foreign Currency Translation</i>	Yes	Incorporated	No actions required
AASB 123 <i>Borrowing Costs</i>	Disclosure p.26 Appendix A Australian reduced disclosure requirement AusA1 and AusA2	Section 25 <i>Borrowing Costs</i>	Yes	Incorporated	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
AASB 124 <i>Related Party Disclosures</i>	Disclosure standard The standard is replaced in its entirety	Section 33 <i>Related Party Disclosures</i>	Yes	Incorporated	No actions required
AASB 127 <i>Separate Financial Statements</i>	Disclosure p.15-17 Appendix A Australian reduced disclosure requirements AusA1, AusA2,AusA3 and RDR17.1	Section 9 <i>Consolidated And Separate Financial Statements</i>	Yes	Incorporated	No actions required
AASB 128 <i>Investments in Associates and Joint Ventures</i>	No disclosures	Section 14 <i>Investments In Associates</i> Section 15 <i>Investments In Joint Ventures</i>	Yes	Incorporated	No actions required
AASB 129 <i>Financial Reporting in Hyperinflationary Economies</i>	Disclosure p.39-40	Section 31 <i>Hyperinflation</i>	Yes	Incorporated	No actions required
AASB 132 <i>Financial Instruments: Presentation</i>	Presentation standard, no disclosures	11 and 12	Yes	Incorporated	No actions required
AASB 133 <i>Earnings per Share</i>	N/A	N/A	Yes	<i>Requires disclosure of presentation of earnings per share data only for entities which have debt or equity instruments</i>	No actions required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments <i>(Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)</i>	Actions required
				<i>(ordinary shares or potential ordinary shares) that are traded, or in the process of being issued for trading in a public market. Thus this standard is not applicable for Tier 2 entities.</i>	
AASB 134 Interim Financial Reporting	N/A	N/A	Yes	<i>Disclosure standard for specific purpose of preparing interim reports. The proposed disclosure standard is intended to apply to annual reports, thus interim reporting is not relevant.</i>	No actions required
AASB 136 Impairment of Assets	Disclosure p.126-137 Appendix E Australian reduced disclosure requirements AusE1 and AusE2	Section 27 <i>Impairment of Assets</i>	Yes	Incorporated	No action required
AASB 137 Provisions, Contingent Liabilities and Contingent Assets	Disclosure p.84-92 and under p. 75 Appendix A AusA1 and AusA2	Section 21 <i>Provisions and Contingencies</i>	Yes	Incorporated	No action required
AASB 138 Intangible Assets	Disclosure p.118-128 Appendix A Australian reduced	Section 18 <i>Intangible Assets</i>	Yes	Incorporated	No action required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
	disclosure requirements AusA1, AusA2, AusA3 and RDR 118.1				
AASB 139 Financial Instruments: Recognition and Measurement	No Disclosures	Section 11 <i>Basic Financial Instruments</i> and Section 12 <i>Other Financial Instrument Issues</i>	No	Incorporated	No action required
AASB 140 Investment Property	Disclosure p.74-79 Appendix A Australian reduced disclosure requirements AusA1, AusA2 AusA3 and RDR76.1	Section 16 <i>Investment Property</i>	Yes	Incorporated	No action required
AASB 141 Agriculture	Disclosure p.40-57 Appendix A Australian reduced disclosure requirements AusA1, AUsA2, AusA3 and RDR 50.1	Section 34 <i>Specialised Activities</i>	Yes	Incorporated	No action required
AASB 1004 Contributions	Disclosure p.57,58	N/A	Yes	applicable to NFP/public sector entities only	To considered in the NFP modification analysis

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
AASB 1023 General Insurance Contracts	Disclosure p.17-18	N/A		<i>Entities applying these standards would have public accountability as holding assets in fiduciary capacity. Thus this standard is not applicable for Tier 2 entities.</i>	No actions required
AASB 1038 Life Insurance Contracts	Disclosure p.14-18	N/A		<i>Entities applying these standards would have public accountability as holding assets in fiduciary capacity. Thus this standard is not applicable for Tier 2 entities.</i>	No actions required
AASB 1039 Concise Financial Reports	Specific disclosures p.28-32	N/A	Yes	<i>Disclosure standard for specific purpose of preparing concise reports under the Corporations Act 2001, not relevant.</i>	No actions required
AASB 1048 Interpretation of Standards	-	N/A	Yes	not R&M or disclosures	No action required
AASB 1049 Whole of Government and General Government Sector Financial Reporting	Presentation p.27-37 Disclosure 39-40	N/A	Yes	applicable to NFP/public sector entities only	To considered in the NFP modification analysis
AASB 1050 Administered Items	Disclosure of Administered Income, Expenses, Assets and Liabilities p.7-25	N/A	Yes	applicable to NFP/public sector entities only	To considered in the NFP modification analysis

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
AASB 1051 Land Under Roads	Disclosure P.11-12	N/A	No	applicable to NFP/public sector entities only	To considered in the NFP modification analysis
AASB 1052 Disaggregated Disclosures	Disclosure p.10A-21	N/A	Yes	applicable to NFP/public sector entities only	To considered in the NFP modification analysis
AASB 1053 Application of Tiers of Australian Accounting Standards	Disclosure p.24	N/A	No	AASB 1053 does not include any R&M or disclosure requirements. Thus not included for in this new Tier 2 Standard.	No action required
AASB 1054 Australian Additional Disclosures	Disclosure p.7-16	N/A	Yes	Para 7 and 8 covered in other sections and para 9 will be no longer relevant as referring to SPFS. The rest of the disclosures do not provide information about short-term cash flows, obligations, commitment, contingencies, liquidity or solvency and are therefore not required.	No action required
AASB 1055 Budgetary Reporting	Disclosure p.6-15	N/A	Yes	applicable to NFP/public sector entities only	To considered in the NFP modification analysis
AASB 1056 Superannuation Entities	Presentation p. 8 Disclosure p.20-36	N/A	Yes	These entities would generally have public accountability as holding assets in fiduciary	No action required

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments <i>(Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)</i>	Actions required
				<p>capacity, hence would not be eligible to apply the proposed new disclosure Standard.</p> <p>In relation to AASB 1056, the AASB concluded superannuation entities are currently divided between Tier 1 entities and non-reporting entities (including Small Australian Prudential Regulation Authority (APRA) Funds and self-managed superannuation funds). Accordingly, no Tier 2 disclosures were developed for these entities (see BC30-BC35 of AASB 1056). There is also no legislative requirements for superannuation entities to prepare financial statements in accordance with AAS. Until such time as the legislation is changed, superannuation entities can therefore continue preparing SPFS and thus AASB 1056 is not considered in this new Tier 2 Standard.</p>	

AASB Standards	Paragraphs which deal with presentation and disclosures (p.)	Equivalent IFRS for SMEs Section	Include disclosures?	Comments (Has the Standard been Incorporated in IFRS for SMEs/new disclosure standard)	Actions required
AASB 1057 Application of Australian Accounting Standards		N/A	No	<i>AASB 1057 does not include any R&M or disclosure requirements. Thus not included for in this disclosure standard.</i>	No action required
AASB 1058 Income of Not-for-Profit Entities	Disclosure p.23-41	N/A	Yes	applicable to NFP/public sector entities only	To considered in the NFP modification analysis
AASB 1059 Service Concession Arrangements: Grantors	Presentation and Disclosure p.28-29	N/A	Yes	applicable to NFP/public sector entities only	To considered in the NFP modification analysis