

Analysis of Disclosure Requirements Relating to Tier 2 Supplement to AASB Exposure Draft ED 195 *Defined Benefit Plans (proposed amendments to AASB 119)*

All disclosure requirements under AASB 119 *Employee Benefits*, as amended for the relevant proposals in ED 195 *Defined Benefit Plans (proposed amendments to AASB 119)*, are included in this Analysis – that is, the existing AASB 119 disclosure requirements that would remain unchanged under the proposals in ED 195 as well as those that would be amended or added by the ED.

The changes proposed in ED 195 are shown in the left hand column of the attached Table as underlined text. Several of the disclosure requirements in AASB 119 that are currently excluded from the Tier 2 disclosure requirements would be deleted from AASB 119 under the proposals in ED 195, such as paragraphs 120 and 120A(c). These requirements are shown in the attached Table as struck through text. The absence of any marked-up text means that the disclosure requirements would not be subject to change under ED 195.

Comments provided in the right hand column of the attached Table will be presented in a similar manner as the disclosure proposals. Accordingly, comments that would not be applicable under the proposals in ED 195 (because, for instance, the relevant disclosure item would be deleted under ED 195) will be shown as struck through text and new comments will be shown as underlined text. Text that is not underlined or struck through relates to the AASB's previous decisions on Tier 2 disclosure requirements (issued in June 2010), and is included in this analysis for context.

The AASB's conclusions about to current and proposed Tier 2 disclosure requirements in relation to AASB 119 have been reached after applying its usual approach to the analysis of the disclosures – comparison with disclosures set out in the IASB's *IFRS for SMEs* and application of the 'Tier 2 Disclosure Principles'. The 'Analysis of Disclosure Requirements' (current and proposed) in relation to AASB 119 and an explanation of 'Tier 2 Disclosure Principles' are available on the AASB website under [Work in Progress/Reduced Disclosure Requirements](#).

An example of an Analysis of Disclosure Requirements document demonstrating the approach described above is provided below.

**Example explaining the mark ups in the ‘Analysis of Disclosure Requirements’
in the next section:**

Disclosure Requirements in AASB X, as Amended for the Relevant Proposals in Tier 1 ED	Disclosure Requirements in IFRS for SMEs	Comments
<p>Disclosure</p> <p>AA An entity shall disclose information <u>that enables users to evaluate the financial effects of in-relation-to-its widget-making arrangements.</u></p>	<p>Disclosure</p> <p>XX An entity shall disclose the amounts recognised in its financial statements in relation to its widget-making arrangements.</p>	<p>Paragraph 45 has no equivalent in the <i>IFRS for SMEs</i>.</p> <p><u>The requirements in paragraph AA correspond to the requirements in paragraph XX of the IFRS for SMEs.</u></p> <p><u>Based on the reasoning in paragraph 5, in relation to user needs, of the ‘Tier 2 Disclosure Principles’, paragraph AA should be retained in the Tier 2 disclosure requirements.</u></p>
<p>BB <u>If an entity participates in a widget-making arrangement, it shall disclose:</u></p> <p><u>(a) a description of the funding arrangements, including the method used to determine the entity’s rate of contributions to the arrangement;</u></p> <p><u>(b) the extent to which the entity can be liable for other entities’ obligations under the terms and conditions of the arrangement; and</u></p> <p><u>(c) whether the entity accounts for the arrangement using joint venture accounting. If the entity does not use joint venture accounting, it shall disclose the how the arrangement is accounted for and the reason why joint venture accounting is not used.</u></p>	<p>YY If an entity accounts for a widget-making arrangement in accordance with paragraph ZZ because sufficient information is not available to use joint venture accounting, it shall disclose the fact that it is involved in a widget-making arrangement and the reason why sufficient information is not available to use joint venture accounting.</p>	<p><u>Sub-paragraphs BB(a) and BB(b) have no equivalents in the IFRS for SMEs.</u></p> <p><u>Subparagraph BB(c) correspond to the requirements in paragraph YY of the IFRS for SMEs.</u></p> <p><u>Based on the reasoning in paragraph 5, in relation to user needs, of the ‘Tier 2 Disclosure Principles’, sub-paragraphs BB(a) and BB(b) should be excluded from the Tier 2 disclosure requirements.</u></p> <p><u>Based on the reasoning in paragraph 6(d), in relation to the entity’s accounting policy choices, of the ‘Tier 2 Disclosure Principles’, sub-paragraph BB(c) should be retained in the Tier 2 disclosure requirements.</u></p>

Proposed amendments to disclosure requirements are shown as marked-up text.

Comments that would not be applicable under the proposals are shown as struck through text.

Proposed new disclosure requirements are shown as underlined text.

Comments in relation to new disclosure proposals are shown as underlined text.

Analysis of Disclosure Requirements

Disclosure Requirements in AASB 119 <i>Employee Benefits</i> , as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p>Disclosure</p> <p>23 Although this Standard does not require specific disclosures about short-term employee benefits, other Australian Accounting Standards may require disclosures. For example, AASB 124 requires disclosure about employee benefits for key management personnel. AASB 101 <i>Presentation of Financial Statements</i> requires disclosure of employee benefits expense.</p>	<p>Disclosures about short-term employee benefits</p> <p>28.39 This section does not require specific disclosures about short-term employee benefits.</p>	<p>The first sentence in paragraph 23 and paragraph 28.39 of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, the first sentence in paragraph 23 should be retained in the Tier 2 disclosure requirements.</p> <p>The second sentence in paragraph 23 refers to the disclosure requirements in paragraph 17 of AASB 124 <i>Related Party Disclosures</i>. Paragraph 17 of AASB 124 is retained in the Tier 2 disclosure requirements. Accordingly, the second sentence of paragraph 23 should be retained in the Tier 2 disclosure requirements.</p> <p>The last sentence in paragraph 23 refers to the disclosure requirements in paragraph 104 of AASB 101. Paragraph 104 of AASB 101 <i>Presentation of Financial Statements</i> is excluded from the Tier 2 disclosure requirements. Accordingly, the last sentence of paragraph 23 should be excluded from the Tier 2 disclosure requirements.</p>
<p>Multi-employer Plans</p> <p>29 An entity shall classify a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms). Where a multi-employer plan is a defined benefit plan, an entity shall:</p> <p><u>29A If an entity participates in a defined benefit multi-employer plan, it shall</u></p> <p>(a) account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan, unless paragraph 30 applies, and</p> <p>(b) disclose the information required by paragraph 120A.</p>	<p>Multi-employer plans and state plans</p> <p>28.1 Multi-employer plans and state plans are classified as defined contribution plans or defined benefit plans on the basis of the terms of the plan, including any constructive obligation that goes beyond the formal terms. However, if sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan in accordance with paragraph 28.13 as if it was a defined contribution plan and make the disclosures required by paragraph 28.40.</p>	<p>Paragraph 29 and paragraph 28.11 of the <i>IFRS for SMEs</i> correspond. In addition:</p> <p>(a) the disclosures under paragraph 28.40 of the <i>IFRS for SMEs</i> are consistent with the disclosures under paragraph 46 of AASB 119; and</p> <p>(b) part (b) of paragraph 29 clarifies the disclosure requirements in relation to defined benefit plans. However, part (b) can only be understood in the context of paragraph 29 as a whole.</p> <p>Based on the reasoning in paragraphs 2 and 7 of the ‘Tier 2 Disclosure Principles’, paragraph 29 should be retained in the Tier 2 disclosure requirements.</p> <p><u>As the proposed amendments under ED 195 would not</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
		<p><u>substantially change the requirements under paragraph 29, paragraphs 29 and 29A should be retained in the Tier 2 disclosure requirements.</u></p>
<p>30 When sufficient information is not available to use defined benefit accounting for a <u>defined benefit multi-employer plan that is a defined benefit plan</u>, an entity shall:</p> <p>(a) —account for the plan <u>in accordance with</u> under paragraphs 44-46 as if it were a defined contribution plan.;</p> <p>(b) —disclose:</p> <p>(i) —the fact that the plan is a defined benefit plan; and</p> <p>(ii) —the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan; and</p> <p>(c) —to the extent that a surplus or deficit in the plan may affect the amount of future contributions, disclose in addition:</p> <p>(i) —any available information about that surplus or deficit;</p> <p>(ii) —the basis used to determine that surplus or deficit; and</p> <p>(iii) —the implications, if any, for the entity.</p>	<p>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 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.</p>	<p>Paragraphs 30(b), 30(c)(i) and 30(c)(iii) and the second sentence in paragraph 28.40 of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 6(d), in relation to accounting policies, of the ‘Tier 2 Disclosure Principles’, paragraphs 30(b), 30(c)(i) and 30(c)(iii) should be retained in the Tier 2 disclosure requirements.</p> <p>The opening sentence of paragraph 30 and sub-paragraph 30(a) are in the nature of contextual material. Based on the reasoning in paragraph 7 of the ‘Tier 2 Disclosure Principles’, the opening sentence in paragraph 30 and sub-paragraph 30(a) should be retained in the Tier 2 disclosure requirements.</p> <p>Paragraph 30(c)(ii) has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 30(c)(ii) should be excluded from the Tier 2 disclosure requirements.</p> <p><u>The proposed amendments under ED 195 would not substantively change the manner in which a defined benefit multi-employer plan that is treated as a defined contribution plan would be accounted for. Accordingly, paragraph 30 should be retained in the Tier 2 disclosure requirements.</u></p>
<p><u>Disclosure</u></p> <p><u>33A If an entity participates in a defined benefit multi-employer plan, it shall disclose:</u></p> <p><u>(a) a description of the funding arrangements, including the method used to determine the entity’s rate of contributions and any minimum funding requirements;</u></p> <p><u>(b) the extent to which the entity can be liable to the plan for other</u></p>	<p>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 the fact that it is a defined benefit plan and the reason why it is being accounted for as a defined</p>	<p><u>The first sentence in paragraph 28.40 of the <i>IFRS for SMEs</i> corresponds to paragraph 46 of AASB 119 <i>Employee Benefits</i>, which it is proposed be retained in the Tier 2 disclosure requirements (see discussion below).</u></p> <p><u>Sub-paragraphs 33A(a) to 33A(d) have no equivalents in the <i>IFRS for SMEs</i>.</u></p> <p><u>Based on the reasoning in paragraphs 6(a), in relation to</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
<p><u>entities' obligations under the terms and conditions of the multi-employer plan;</u></p> <p>(c) <u>the total number of, and the entity's proportion of, the number of active members, retired members, and former members entitled to benefits, if that information is available;</u></p> <p>(d) <u>details of any agreed deficit or surplus allocation on wind-up of the plan, or the amount that is required to be paid on withdrawal of the entity from the plan; and</u></p> <p>(e) <u>if the entity accounts for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in accordance with paragraph 29A, all the information required by paragraphs 125A-125K for that proportionate share; or</u></p> <p>(f) <u>if the entity accounts for the plan as if it were a defined contribution plan in accordance with paragraph 30:</u></p> <p>(i) <u>the fact that the plan is a defined benefit plan;</u></p> <p>(ii) <u>the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan;</u></p> <p>(iii) <u>the expected contributions to the plan for the next five annual reporting periods, and a description of the contractual agreement or other basis used to determine the expected contributions; and</u></p> <p>(iv) <u>information about any deficit or surplus in the plan that may affect the amount of future contributions, including the basis used to determine that deficit or surplus and the implications, if any, for the entity.</u></p>	<p>contribution plan, along with any available information about the plan's surplus or deficit and the implications, if any, for the entity.</p>	<p><u>cash flows, and 6(c), in relation to measurement uncertainties, of the 'Tier 2 Disclosure Principles', sub-paragraphs 33A(a), 33A(b) and 33A(d) should be retained in the Tier 2 disclosure requirements.</u></p> <p><u>Based on the reasoning in paragraph 5, in relation to cost-benefits, of the 'Tier 2 Disclosure Principles', paragraph 33A(c) should be excluded from the Tier 2 disclosure requirements. Information about the number and types of defined benefit members an entity has is not directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the 'Tier 2 Disclosure Principles'. However, compliance with paragraph 33A(c) would impose a cost on entities.</u></p> <p><u>As it is proposed that some of the disclosures in paragraphs 125A to 125K be retained in the Tier 2 disclosure requirements (see discussion below), paragraph 33A(e) should be retained in the Tier 2 disclosure requirements.</u></p> <p><u>The second sentence in paragraph 28.40 of the <i>IFRS for SMEs</i> corresponds to paragraphs 33A(f)(i), 33A(f)(ii) and 33A(f)(iv).</u></p> <p><u>Based on the reasoning in paragraphs 6(a), in relation to cash flows, and 6(d), in relation to accounting policy choices, of the 'Tier 2 Disclosure Principles', paragraphs 33A(f)(i), 33A(f)(ii) and 33A(f)(iv) should be retained in the Tier 2 disclosure requirements.</u></p> <p><u>Previously the AASB decided to retain paragraphs 30(b), 30(c)(i) and 30(c)(iii) of AASB 119 in the Tier 2 disclosure requirements. These paragraphs require an entity to provide information consistent with the types of information that would be required under the proposals in paragraphs 33A(f)(i), 33A(f)(ii) and paragraph 33A(f)(iv).</u></p> <p><u>Based on the reasoning in paragraph 5, in relation to cost-benefits, of the 'Tier 2 Disclosure Principles', paragraph</u></p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
		<p><u>33A(f)(iii) should be excluded from the Tier 2 disclosure requirements.</u></p> <p><u>The proposed five-year time frame for expected contributions in paragraph 33A(f)(iii) is not consistent with the three-year (or more frequent) timeframe adopted for actuarial reviews in Australia. Consequently, compliance with paragraph 33A(f)(iii) would impose a cost on entities. Furthermore, paragraph 33A(a) would arguably require an entity to provide similar types of information as paragraph 33A(f)(iii), and it is proposed that paragraph 33A(a) be retained in the Tier 2 disclosure requirements (see discussion above).</u></p>
<p>Defined benefit plans that share risks between various entities under common control</p> <p>34B Participation in such a plan is a related party transaction for each individual group entity. An entity shall therefore, in its separate or individual financial statements, make the following disclosures:</p> <ul style="list-style-type: none"> (a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy; (b) the policy for determining the contribution to be paid by the entity; (c) if the entity accounts for an allocation of the net defined benefit cost in accordance with paragraph 34A, all the information about the plan as a whole in accordance with required by paragraphs 125A-125K 120-121; and (d) if the entity accounts for the contribution payable for the period in accordance with paragraph 34A, the information about the plan as a whole required in accordance with by paragraphs 125A-125C, 125F, 125G and 125K 120A(b) (e), (j), (n), (o), (q) and 121. The other disclosures required by paragraph 120A do not apply. 		<p>Paragraph 34B has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 34B should be excluded from the Tier 2 disclosure requirements.</p> <p><u>Information about how the cost of a group’s defined benefit arrangements is allocated between the various entities within the group is not directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the ‘Tier 2 Disclosure Principles’ with respect to the group. However, compliance with paragraph 34B would impose a cost on entities. Based on the reasoning in paragraph 5, in relation to cost benefits, of the ‘Tier 2 Disclosure Principles’, paragraph 34B should be excluded from the Tier 2 disclosure requirements.</u></p> <p><u>Previously the AASB decided to exclude paragraph 34B of AASB 119 from the Tier 2 disclosure requirements. The Board also previously made the decision to exclude paragraph 20 of AASB 124 from the Tier 2 disclosure requirements, which contains a cross-reference to paragraph 34B of AASB 119.</u></p>
<p>State plans</p>	<p>Multi-employer plans and state plans</p>	<p>Paragraph 36 and paragraph 28.11 of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the</p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
<p>36 An entity shall account for a state plan in the same way as for a multi-employer plan (see paragraphs 29 and 30) and disclose the information required by paragraph 33A.</p>	<p>28.11 Multi-employer plans and state plans are classified as defined contribution plans or defined benefit plans on the basis of the terms of the plan, including any constructive obligation that goes beyond the formal terms. However, if sufficient information is not available to use defined benefit accounting for a multi-employer plan that is a defined benefit plan, an entity shall account for the plan in accordance with paragraph 28.13 as if it was a defined contribution plan and make the disclosures required by paragraph 28.40.</p>	<p>‘Tier 2 Disclosure Principles’, paragraph 36 should be retained in the Tier 2 disclosure requirements.</p> <p><u>Consistent disclosures by entities in relation to state and multi-employer plans would benefit users by enhancing comparability of disclosed information. Based on the reasoning in paragraph 5, in relation to user needs, of the ‘Tier 2 Disclosure Principles’, paragraph 36 should be retained in the Tier 2 disclosure requirements.</u></p>
<p>Insured Benefits</p> <p>39 An entity may pay insurance premiums to fund a post-employment benefit plan. The entity shall treat such a plan as a defined contribution plan unless the entity will have (either directly, or indirectly through the plan) a legal or constructive obligation to either:</p> <p>(a) pay the employee benefits directly when they fall due; or</p> <p>(b) pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior periods.</p> <p>If the entity retains such a legal or constructive obligation, the entity shall treat the plan as a defined benefit plan.</p>	<p>Insured benefits</p> <p>28.12 An entity may pay insurance premiums to fund a post-employment benefit plan. The entity shall treat such a plan as a defined contribution plan unless the entity has a legal or constructive obligation either:</p> <p>(a) to pay the employee benefits directly when they become due, or</p> <p>(b) to pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior periods.</p> <p>A constructive obligation could arise indirectly through the plan, through the mechanism for setting future premiums, or through a related party relationship with the insurer. If the entity retains such a legal or constructive obligation, the entity shall treat the plan as a defined benefit plan.</p>	<p>Paragraph 39 and paragraph 28.12 of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, paragraph 39 should be retained in the Tier 2 disclosure requirements.</p>
<p>Disclosure</p> <p>46 An entity shall disclose the amount recognised as an expense for defined contribution plans.</p>	<p>Disclosures about defined contribution plans</p> <p>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</p>	<p>Paragraph 46 and the first sentence in paragraph 28.40 of the <i>IFRS for SMEs</i> correspond. In addition, paragraph 30 of AASB 119 and the second sentence in paragraph 28.40 of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, paragraph 46 should be retained in the Tier 2 disclosure</p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans</i> (proposed amendments to AASB 119)</p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
	<p>as a defined contribution plan because sufficient information is not available to use defined benefit accounting (see paragraph 28.11) it shall disclose 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.</p>	<p>requirements.</p>
<p>47 Where required by AASB 124 an entity discloses information about contributions to defined contribution plans for key management personnel.</p>		<p>Paragraph 47 has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 47 should be excluded from the Tier 2 disclosure requirements.</p>
<p><u>Disclosure</u> <u>125A An entity shall disclose information that:</u> <u>(a) explains the characteristics of its defined benefit plans (see paragraph 125C);</u> <u>(b) identifies and explains the amounts in its financial statements arising from its defined benefit plans (see paragraphs 125D-125H); and</u> <u>(c) describes how its defined benefit plans may affect the amount, timing and uncertainty of the entity’s future cash flows (see paragraphs 125I-125K).</u></p>	<p>28.41 An entity shall disclose...</p> <p>(a) a general description of the type of plan, including funding policy...</p>	<p><u>Paragraph 125A(a) corresponds to paragraph 28.41(a) of the <i>IFRS for SMEs</i>, as both require the disclosure of general information about an entity’s plans. Based on the reasoning in paragraph 6(a), in relation to cash flows and obligations, of the ‘Tier 2 Disclosure Principles’, paragraph 125A(a) should be retained in the Tier 2 disclosure requirements.</u></p> <p><u>Previously the AASB decided to retain paragraph 120A(b) of AASB 119 in the Tier 2 disclosure requirements. Paragraph 120A(b) requires an entity to provide similar types of information as paragraphs 125A(a) and 28.41.</u></p> <p><u>Paragraphs 125A(b) and 125A(c) have no equivalents in the <i>IFRS for SMEs</i>.</u></p> <p><u>Based on the reasoning in paragraphs 6(a), in relation to cash flows, and 6(e), in relation to disaggregations, of the ‘Tier 2 Disclosure Principles’, paragraph 125A(b) should be retained in the Tier 2 disclosure requirements (see discussion below in relation to paragraphs 125D to 125H).</u></p> <p><u>Based on the reasoning in paragraph 5, in relation to cost-benefits, in the ‘Tier 2 Disclosure Principles’, and</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
		<p><u>consistency with the Tier 2 disclosure requirements in other Australian Accounting Standards, paragraph 125A(c) should be excluded from the Tier 2 disclosure requirements (see discussion below in relation to paragraphs 125I to 125K).</u></p>
<p><u>125B An entity shall assess whether all or some disclosures should be disaggregated to distinguish plans or groups of plans with materially different risks. For example, an entity could disaggregate disclosure about plans showing one or more of the following features:</u></p> <ul style="list-style-type: none"> <u>(a) different geographical locations;</u> <u>(b) different characteristics such as flat salary pension plans, final salary pension plans, post-employment medical plans, long-service leave or long-term disability benefits;</u> <u>(c) different regulatory environments; or</u> <u>(d) different funding arrangements, i.e. wholly unfunded or wholly or partly funded.</u> 	<p>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 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...</p>	<p><u>Paragraph 125B corresponds to paragraph 28.41 of the <i>IFRS for SMEs</i>.</u></p> <p><u>Paragraph 125B facilitates an entity disclosing information about its defined benefit plans in a manner that the entity considers would be most useful for users of its financial statements. Paragraph 125B applies in conjunction with other disclosure requirements in AASB 119 (such as paragraphs 125D and 125F, which it is proposed be retained, either entirely or in part, in the Tier 2 disclosure requirements – see discussion below). Based on the reasoning in paragraph 5, in relation to user needs, of the ‘Tier 2 Disclosure Principles’, paragraph 125B should be retained in the Tier 2 disclosure requirements.</u></p> <p><u>Previously the Board made the decision to retain paragraph 122 of AASB 119 in the Tier 2 disclosure requirements. The requirements in paragraph 122 are consistent with the proposals in paragraph 125B.</u></p> <p><u>Including paragraph 125B in the Tier 2 disclosure requirements would enable the second sentence in paragraph RDR120A.1 of AASB 119 to be deleted.</u></p>
<p><u>Characteristics of defined benefit plans</u></p> <p><u>125C An entity shall disclose:</u></p> <ul style="list-style-type: none"> <u>(a) information about the characteristics of its defined benefit plans, including:</u> <ul style="list-style-type: none"> <u>(i) the nature of the benefits provided by the plan (e.g. final salary defined benefit plan or contribution-based plan with guarantee);</u> 		<p><u>Paragraphs 125C(a) and 125C(b) are extensions of the disclosure principle in paragraph 125A(a) and, therefore, correspond to paragraph 28.41(a) of the <i>IFRS for SMEs</i>. However, the proposals in sub-paragraphs 125C(a)(i)-(iv) are potentially more onerous than the requirements in paragraph 28.41(a). In addition, paragraph 125C(c) does not have a direct equivalent in the <i>IFRSs for SMEs</i>.</u></p> <p><u>Based on the reasoning in paragraph 6(a), in relation to</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
<p>(ii) <u>the effect of the regulatory framework in which the plan operates, for example the effect of any minimum funding requirements;</u></p> <p>(iii) <u>a description of any other entity’s responsibilities for the governance of the plan, for example responsibilities of trustees; and</u></p> <p>(iv) <u>any restrictions on the amount recognised as a net defined benefit asset in accordance with paragraph 115B. An entity shall also disclose how it determined the maximum economic benefit available, i.e. whether those benefits would be in the form of refunds, reductions in future contributions or a combination of both;</u></p> <p>(b) <u>a narrative description of the extent of the risks to which the plan exposes the entity and of any concentrations of risk. For example, if plan assets are invested primarily in one class of investments, e.g. property, the plan may expose the entity to a concentration of property market risk; and</u></p> <p>(c) <u>a narrative description of any plan amendments, curtailments and non-routine settlements.</u></p>		<p><u>cash flows and obligations, of the ‘Tier 2 Disclosure Principles’, paragraphs 125C(a) and 125C(b) should be retained in the Tier 2 disclosure requirements.</u></p> <p><u>Based on the reasoning in paragraph 5, in relation to cost-benefits, of the ‘Tier 2 Disclosure Principles’:</u></p> <p>(a) <u>sub-paragraphs 125C(a)(i)-(iv) should be excluded from the Tier 2 disclosure requirements because they are unlikely to provide additional information to users that is directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the ‘Tier 2 Disclosure Principles’, yet they would impose a cost on entities; and</u></p> <p>(b) <u>paragraph 125C(c) should be excluded from the Tier 2 disclosure requirements because plan amendments, curtailments and non-routine settlements occur relatively infrequently in the Australian context, and when they do their impacts on defined benefit liabilities are usually not significant, yet they would impose a cost on entities.</u></p>
<p><u>Explanation of amounts in the financial statements</u></p> <p><u>125D An entity shall provide a reconciliation from the opening balance to the closing balance for each of the following, if applicable:</u></p> <p>(a) <u>the net defined benefit liability (asset), showing separate reconciliations for:</u></p> <p>(i) <u>plan assets;</u></p> <p>(ii) <u>the present value of the defined benefit obligation; and</u></p> <p>(iii) <u>the effect of the limit in paragraph 115B; and</u></p> <p>(b) <u>any reimbursement rights. An entity shall also describe the relationship between any reimbursement right and the related obligation.</u></p>	<p>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 plan in accordance with paragraph 28.11, for which the disclosures in paragraph 28.40 apply instead)...</p> <p>...</p> <p>(e) a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes.</p> <p>(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:</p> <p>(i) contributions;</p>	<p><u>Paragraphs 125D and 125E (see discussion below) correspond to paragraphs 28.41(e) and 28.41(f) of the <i>IFRS for SMEs</i>. However, paragraphs 125D and 125E require an entity to provide more detailed reconciliations.</u></p> <p><u>Based on the reasoning in paragraph 6(e), in relation to disaggregations, of the ‘Tier 2 Disclosure Principles’, the proposals in paragraph 125D should be retained in the Tier 2 disclosure requirements, except for the second sentence in paragraph 125D(b).</u></p> <p><u>Disclosures under the second sentence in paragraph 125D(b) are unlikely to provide information that is directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the ‘Tier 2 Disclosure Principles’. However, compliance with these disclosure proposals would impose a cost on entities.</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
	<p>(ii) benefits paid; and (iii) other changes in plan assets.</p>	<p><u>Including paragraph 125D in the Tier 2 disclosure requirements would enable the first sentence in paragraph RDR120A.1 of AASB 119 to be deleted.</u></p> <p><i>Previously the AASB decided to retain paragraphs 120A(e) and 120A(f) of AASB 119 in the Tier 2 disclosure requirements. Paragraph 120A(e) requires an entity to provide 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 showing separately, if applicable, the effects of contributions by the entity, member contributions and benefits paid. Paragraph 120A(f) requires an entity to provide a reconciliation of the present value of the defined benefit obligation and the fair value of the plan assets to the assets and liabilities recognised in the statement of financial position. However, ED 195 proposes that paragraphs 120A(e) and 120A(f) be removed because, under the proposals in paragraphs 54A and 61 of ED 195, all changes in defined benefit obligations and plan assets would be recognised when they occur.</i></p>
<p><u>125E Each reconciliation listed in paragraph 125D shall show each of the following, if applicable:</u></p> <p>(a) <u>service cost, showing current and past service cost separately;</u> (b) <u>interest income or expense (see paragraphs 119B and 119C);</u> (c) <u>remeasurements of the net defined benefit liability (asset), showing separately:</u></p> <p>(i) <u>the return on plan assets, excluding amounts presented as interest income in (b);</u> (ii) <u>actuarial gains and losses arising from changes in demographic assumptions, showing separately the effect of non-routine settlements;</u> (iii) <u>actuarial gains and losses arising from changes in financial assumptions, showing separately the effect of non-routine settlements; and</u> (iv) <u>the effect of the limit in paragraph 115B, excluding amounts included in interest income or expense;</u></p>	<p>See above.</p>	<p><u>Based on the reasoning in paragraph 5, in relation to cost-benefits, of the ‘Tier 2 Disclosure Principles’, sub-paragraphs 125E(a) to 125E(e) and 125E(h) should be excluded from the Tier 2 disclosure requirements. They are unlikely to provide information that is directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the ‘Tier 2 Disclosure Principles’.</u> <u>However, compliance with these proposals would impose a cost on entities.</u></p> <p><u>Based on the reasoning in paragraph 6(a), in relation to cash flows, of the ‘Tier 2 Disclosure Principles’, sub-paragraph 125E(f) should be retained in the Tier 2 disclosure requirements, but the text “showing separately those by the employer and by plan participants” should be excluded from the Tier 2 disclosure requirements.</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
<p>(d) <u>gains and losses arising from curtailments;</u> (e) <u>foreign currency exchange rate changes on plans measured in a currency different from the entity's presentation currency;</u> (f) <u>contributions to the plan, showing separately those by the employer and by plan participants;</u> (g) <u>payments from the plan, showing separately the effect of any non-routine settlements; and</u> (h) <u>the effects of business combinations and disposals.</u></p>		<p><u>Based on the reasoning in paragraph 6(a), in relation to cash flows, of the 'Tier 2 Disclosure Principles', subparagraph 125E(g) should be retained in the Tier 2 disclosure requirements, but the text "showing separately the effect of any non-routine settlements" should be excluded from the Tier 2 disclosure requirements.</u></p> <p><u>Previously the AASB decided to include an RDR paragraph in AASB 119 that requires an entity to provide a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes (paragraph RDR120A.1).</u></p> <p><u>Retaining paragraphs 125B and 125D in the Tier 2 disclosure requirements (see above) would enable paragraph RDR120A.1 of AASB 119 to be deleted.</u></p>
<p><u><i>Other information about amounts recognised in the financial statements</i></u></p> <p><u>125F An entity shall disaggregate the fair value of the plan assets into classes that distinguish the risk and liquidity characteristics of those assets. At a minimum, an entity shall distinguish the following, subdividing each class of debt instruments and equity instruments into those that have a quoted market price in an active market and those that do not:</u></p> <p>(a) <u>property;</u> (b) <u>government debt instruments;</u> (c) <u>other debt instruments;</u> (d) <u>the entity's own equity instruments; and</u> (e) <u>other equity instruments.</u></p>	<p>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 defined contribution plans in accordance with paragraph 28.11, for which the disclosures in paragraph 28.40 apply instead)...</p> <p>...</p> <p>(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.</p>	<p><u>Paragraph 125F corresponds to paragraph 28.41(h) of the <i>IFRS for SMEs</i> to the extent that, under both approaches, an entity would provide information in relation to the fair values of each class of asset comprising plan assets.</u></p> <p><u>However, the proposals in paragraph 125F are potentially more onerous than the requirements in paragraph 28.41 of the <i>IFRS for SMEs</i> because they would require an entity to provide additional disaggregated information when:</u></p> <p>(a) <u>assets within a class have different risk and/or liquidity characteristics; and/or</u></p> <p>(b) <u>some assets within a class have a quoted market price in an active market and some do not.</u></p> <p><u>Based on the reasoning in paragraphs 6(a), in relation to cash flows, 6(b), in relation to liquidity and solvency, and 6(e), in relation to disaggregations, of the 'Tier 2 Disclosure Principles', the proposals in paragraph 125F should be retained in the Tier 2 disclosure requirements to the extent that they require an entity to disaggregate the fair value of plan assets into classes that distinguish the</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans</i> (proposed amendments to AASB 119)</p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
		<p><u>risk and liquidity characteristics of those assets. To facilitate this, the second sentence of paragraph 125F [including sub-paragraphs 125F(a)-125F(e)] should be excluded from the Tier 2 disclosure requirements.</u></p> <p><u>Previously the AASB decided to retain the requirements in paragraph 120A(j) of AASB 119 in the Tier 2 disclosure requirements. The requirements in paragraph 120A(j) are consistent with the requirements in paragraph 28.41(h).</u></p>
<p><u>125G An entity shall disclose:</u></p> <p>(a) <u>quantitative information about actuarial assumptions used to determine the defined benefit obligation (see paragraph 73). Such disclosure shall be in absolute terms (e.g. as an absolute percentage, and not just as a margin between different percentages and other variables). When an entity provides disclosures in total for a grouping of plans, it shall provide such disclosures in the form of weighted averages or relatively narrow ranges; and</u></p> <p>(b) <u>a brief description of the process used to determine demographic actuarial assumptions to supplement the disclosures provided in accordance with (a).</u></p>	<p>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)...</p> <p>(k) the principal actuarial assumptions used, including, when applicable:</p> <p>(i) the discount rates;</p> <p>(ii) the expected rates of return on any plan assets for the periods presented in the financial statements;</p> <p>(iii) the expected rates of salary increases;</p> <p>(iv) medical cost trend rates; and</p> <p>(v) any other material actuarial assumptions used.</p>	<p><u>The first sentence in paragraph 125G(a) corresponds to paragraph 28.41(k) of the <i>IFRS for SMEs</i> to the extent that, under both approaches, an entity would provide information in relation to the principal actuarial assumptions used. Based on the reasoning in paragraph 6(c), in relation to measurement uncertainties, of the ‘Tier 2 Disclosure Principles’, the first sentence of paragraph 125G(a) should be retained in the Tier 2 disclosure requirements.</u></p> <p><u>The second and third sentences in paragraph 125G(a) and paragraph 125G(b) have no equivalents in the <i>IFRS for SMEs</i>.</u></p> <p><u>Based on the reasoning in paragraph 5, in relation to cost-benefits, of the ‘Tier 2 Disclosure Principles’:</u></p> <p><u>(a) the second and third sentences in paragraph 125G(a) should be excluded from the Tier 2 disclosure requirements because they are unlikely to provide additional information to users that is directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the ‘Tier 2 Disclosure Principles’, yet they would impose a cost on entities; and</u></p> <p><u>(b) paragraph 125G(b) should be excluded from the Tier 2 disclosure requirements. Disclosures under paragraph 125G(b) are unlikely to provide</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
		<p><u>information that is directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the ‘Tier 2 Disclosure Principles’, yet they would impose a cost on entities.</u></p> <p><i>Previously the AASB decided to retain the requirements in paragraph 120A(n) of AASB 119 except for sub-paragraph 120A(n)(iii) in the Tier 2 disclosure requirements. The requirements in paragraph 120A(n) are consistent with the proposals in paragraph 125G(a).</i></p>
<p><u>125H An entity shall disclose the present value of the defined benefit obligation, adjusted to exclude the effect of projected growth in salaries.</u></p>		<p><u>Paragraph 125H has no equivalent in the <i>IFRS for SMEs</i>.</u></p> <p><u>Paragraph 125H relates to different measurement requirements to those that apply under AASB 119. Based on the reasoning in paragraph 5, in relation to cost-benefits, of the ‘Tier 2 Disclosure Principles’, paragraph 125H should be excluded from the Tier 2 disclosure requirements.</u></p>
<p><u>Amount, timing and uncertainty of future cash flows</u></p> <p><u>125I An entity shall disclose:</u></p> <p><u>(a) how the effect of a change to each significant actuarial assumption that:</u></p> <p><u>(i) is reasonably possible at the end of the reporting period would have affected the defined benefit obligation at the end of the reporting period; and</u></p> <p><u>(ii) was reasonably possible at the beginning of the reporting period would have affected current service cost that was determined for the reporting period;</u></p> <p><u>(b) the methods and assumptions used in preparing the sensitivity analyses required by (a) and the limitations of those methods; and</u></p> <p><u>(c) changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses, and the reasons for such changes.</u></p>		<p><u>Paragraph 125I has no equivalent in the <i>IFRS for SMEs</i>.</u></p> <p><i>Paragraphs 40 and 41 of AASB 7 <i>Financial Instruments: Disclosures</i> require an entity to disclose a sensitivity analysis for each type of market risk to which it is exposed and additional information explaining the sensitivity analysis. Paragraphs 40 and 41 of AASB 7 are excluded from the Tier 2 disclosure requirements. Consistent with the approach adopted in AASB 7, paragraph 125I should be excluded from the Tier 2 disclosure requirements.</i></p> <p><i>Previously the AASB decided to exclude the requirements in paragraph 120A(o) of AASB 119 from the Tier 2 disclosure requirements. Paragraph 120A(o) requires an entity to disclose sensitivity information in relation to medical costs.</i></p>
<p><u>125J An entity shall disclose details of any asset-liability matching</u></p>		<p><u>Paragraph 125J has no equivalent in the <i>IFRS for SMEs</i>.</u></p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p><u>strategies used by the plan, including the use of annuities and other techniques, such as longevity swaps, to manage longevity risk.</u></p>		<p><u>Based on the reasoning in paragraph 5, in relation to cost-benefits, of the ‘Tier 2 Disclosure Principles’, paragraph 125J should be excluded from the Tier 2 disclosure requirements because it is unlikely to provide additional information that is directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the ‘Tier 2 Disclosure Principles’. However, compliance with these disclosure proposals would impose a cost on entities.</u></p> <p><u>Superannuation plans operating in Australia are legally required to formulate and give effect to an investment strategy that has regard to the whole of the entity, including, for instance, its ability to discharge its existing and prospective obligations for member benefits. Furthermore, plans are required to provide this information to members.</u></p> <p><u>It would not be cost-beneficial for defined contribution plans to also disclose this information in their financial statements since each individual members would usually bear the investment risk associated with their exposures.</u></p> <p><u>In addition, most defined benefit plans of Australian entities are not exposed to significant longevity risk because they pay lump-sum retirement benefits (rather than annuities). Accordingly, few, if any, defined benefit plans operating in Australia have in place the types of asset-liability matching strategies anticipated by paragraph 125J.</u></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
<p><u>125K An entity shall provide a narrative discussion of factors that could cause contributions over the next five years to differ significantly from current service cost over that period. For example, an entity shall disclose how it expects any surplus or deficit to affect the level and timing of its contributions over the next five years, and the period over which it expects the surplus or deficit to disappear.</u></p>		<p>Paragraph 125K has no equivalent in the <i>IFRS for SMEs</i>.</p> <p><u>Based on the reasoning in paragraph 5, in relation to cost-benefits, of the ‘Tier 2 Disclosure Principles’, paragraph 125K should be excluded from the Tier 2 disclosure principles because:</u></p> <p>(a) <u>the proposed five year time frame for expected contributions is not consistent with the three year (or more frequent) timeframe adopted for actuarial reviews in Australia. Accordingly, compliance with paragraph 125K would impose a cost on entities; and</u></p> <p>(b) <u>in the Australian context, there is often no relationship between the level of contributions and service cost. Accordingly, paragraph 125K is unlikely to provide information that is directly relevant to an understanding of the matters listed in paragraphs 6(a) to 6(f) of the ‘Tier 2 Disclosure Principles’.</u></p> <p><i>Previously the AASB decided to exclude the requirements in paragraph 120A(q) of AASB 119 from the Tier 2 disclosure requirements. Paragraph 120A(q) requires an entity to disclose its best estimate of contributions payable for the next reporting period.</i></p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans</i> (proposed amendments to AASB 119)</p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
<p>Post-employment Benefits: Defined Benefit Plans</p> <p>Disclosure</p> <p>120 An entity shall disclose information that enables users of financial reports to evaluate the nature of its defined benefit plans and the financial effects of changes in those plans during the period.</p>		<p>Paragraph 120 has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 120 should be excluded from the Tier 2 disclosure requirements.</p>

<p style="text-align: center;">Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p style="text-align: center;">Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p style="text-align: center;">Comments</p>
<p>120A An entity shall disclose the following information about defined benefit plans:</p> <p>(a) the entity’s accounting policy for recognising actuarial gains and losses;</p> <p>(b) a general description of the type of plan;</p> <p>(c) a reconciliation of opening and closing balances of the present value of the defined benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following:</p> <p style="padding-left: 20px;">(i) current service cost;</p> <p style="padding-left: 20px;">(ii) interest cost;</p> <p style="padding-left: 20px;">(iii) contributions by plan participants;</p> <p style="padding-left: 20px;">(iv) actuarial gains and losses;</p> <p style="padding-left: 20px;">(v) foreign currency exchange rate changes in plans measured in a currency different from the entity’s presentation currency;</p> <p style="padding-left: 20px;">(vi) benefits paid;</p> <p style="padding-left: 20px;">(vii) past service cost;</p> <p style="padding-left: 20px;">(viii) business combinations;</p> <p style="padding-left: 20px;">(ix) curtailments; and</p> <p style="padding-left: 20px;">(x) settlements;</p> <p>(d) an analysis of the defined benefit obligation into amounts arising from plans that are wholly unfunded and amounts arising from plans that are wholly or partly funded;</p> <p>(e) 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 in accordance with paragraph 104A showing separately, if applicable, the effects during the period attributable to each of the following:</p> <p style="padding-left: 20px;">(i) expected return on plan assets;</p> <p style="padding-left: 20px;">(ii) actuarial gains and losses;</p> <p style="padding-left: 20px;">(iii) foreign currency exchange rate changes on plans measured in a currency different from the entity’s presentation currency;</p> <p style="padding-left: 20px;">(iv) contributions by the employer;</p> <p style="padding-left: 20px;">(v) contributions by plan participants;</p> <p style="padding-left: 20px;">(vi) benefits paid;</p>	<p>Disclosures about defined benefit plans</p> <p>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:</p> <p>(a) a general description of the type of plan, including funding policy.</p> <p>(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.</p> <p>(c) a narrative explanation if the entity uses any of the simplifications in paragraph 28.19 in measuring its defined benefit obligation.</p> <p>(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.</p> <p>(e) a reconciliation of opening and closing balances of the defined benefit obligation showing separately benefits paid and all other changes.</p> <p>(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:</p> <p style="padding-left: 20px;">(i) contributions;</p> <p style="padding-left: 20px;">(ii) benefits paid; and</p>	<p>Paragraphs 120A(a) and (b) and paragraphs 28.41(b) and (a) of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, paragraphs 120A(a) and (b) should be retained in the Tier 2 disclosure requirements.</p> <p>The opening sentence of paragraph 120A(c) up to and including the words ‘if applicable’ and sub paragraph (vi) and paragraph 28.41(c) of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, the opening sentence of paragraph 120A(c) up to and including the words ‘if applicable’ and sub paragraph (vi) should be retained in the Tier 2 disclosure requirements. [Accordingly, the words after ‘if applicable’ and sub paragraphs (i)–(v) and (vii)–(x) should be excluded from the Tier 2 disclosure requirements.]</p> <p>Paragraph 120A(d) has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 120A(d) should be excluded from the Tier 2 disclosure requirements.</p> <p>Paragraph 28.41(d) of the <i>IFRS for SMEs</i> has no equivalent in AASB 119. Based on the reasoning in paragraph 4 of the ‘Tier 2 Disclosure Principles’, paragraph 28.41(d) should not be added to the Tier 2 disclosure requirements.</p> <p>The opening sentence of paragraph 120A(e) up to and including the words ‘if applicable’ and sub paragraphs (iv)–(vi) and paragraph 28.41(f) of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, the opening sentence of paragraph 120A(e) up to and including the words ‘if applicable’ and sub paragraphs (iv)–(vi) should be retained in the Tier 2 disclosure requirements. [Accordingly, the words after ‘if applicable’ and sub paragraphs (i)–(iii), (vii) and (viii) should be excluded from the Tier 2 disclosure requirements.]</p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
<p>(vii) — business combinations; and (viii) — settlements; (f) a reconciliation of the present value of the defined benefit obligation in (c) and the fair value of the plan assets in (c) to the assets and liabilities recognised in the statement of financial position, showing at least: (i) — the net actuarial gains or losses not recognised in the statement of financial position (see paragraph 92); (ii) — the past service cost not recognised in the statement of financial position (see paragraph 96); (iii) — any amount not recognised as an asset, because of the limit in paragraph 58(b); (iv) — the fair value at the reporting date of any reimbursement right recognised as an asset in accordance with paragraph 104A (with a brief description of the link between the reimbursement right and the related obligation); and (v) — the other amounts recognised in the statement of financial position; (g) the total expense recognised in profit or loss for each of the following, and the line item(s) in which they are included: (i) — current service cost; (ii) — interest cost; (iii) — expected return on plan assets; (iv) — expected return on any reimbursement right recognised as an asset in accordance with paragraph 104A; (v) — actuarial gains and losses; (vi) — past service cost; (vii) — the effect of any curtailment or settlement; and (viii) — the effect of the limit in paragraph 58(b); (h) the total amount recognised in other comprehensive income for each of the following: (i) — actuarial gains and losses; and (ii) — the effect of the limit in paragraph 58(b); (i) for entities that recognise actuarial gains and losses in other comprehensive income in accordance with paragraph 93A, the cumulative amount of actuarial gains and losses recognised in other comprehensive income;</p>	<p>(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 (ii) any property occupied by, or other assets used by, the entity. (j) the actual return on plan assets. (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) above 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) above for the</p>	<p>Paragraph 120A(f) has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 120A(f) should be excluded from the Tier 2 disclosure requirements.</p> <p>The first part of paragraph 120A(g) up to and including the words ‘profit or loss’ and paragraph 28.41(g) of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, the first part of paragraph 120A(g) up to and including the words ‘profit or loss’ should be retained in the Tier 2 disclosure requirements. [Accordingly, the words after ‘profit or loss’ and sub-paragraphs (i)–(viii) should be excluded from the Tier 2 disclosure requirements.]</p> <p>Paragraph 28.41(g)(ii) of the <i>IFRS for SMEs</i> has no equivalent in AASB 119. Based on the reasoning in paragraph 4 of the ‘Tier 2 Disclosure Principles’, paragraph 28.41(g)(ii) should not be added to the Tier 2 disclosure requirements.</p> <p>Paragraph 120A(h)(i) and paragraph 28.41(b) of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2, paragraph 120A(h)(i) should be retained in the Tier 2 disclosure requirements.</p> <p>Paragraph 120A(h)(ii) has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 120A(h)(ii) should be excluded from the Tier 2 disclosure requirements.</p> <p>Paragraphs 120A(i), (j) and (k) and paragraphs 28.41(b), (h) and (i) of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, paragraphs 120A(i), (j) and (k) should be retained in the Tier 2 disclosure requirements.</p> <p>Paragraph 120A(l) has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 120A(l) should be</p>

<p>Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p>Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p>Comments</p>
<p>(j) for each major category 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 category constitutes of the fair value of the total plan assets;</p> <p>(k) the amounts included in the fair value of plan assets for:</p> <p style="padding-left: 20px;">(i) each category of the entity’s own financial instruments; and</p> <p style="padding-left: 20px;">(ii) any property occupied by, or other assets used by, the entity;</p> <p>(l) a narrative description of the basis used to determine the overall expected rate of return on assets, including the effect of the major categories of plan assets;</p> <p>(m) the actual return on plan assets, as well as the actual return on any reimbursement right recognised as an asset in accordance with paragraph 104A;</p> <p>(n) the principal actuarial assumptions used as at the reporting date, including, when applicable:</p> <p style="padding-left: 20px;">(i) the discount rates;</p> <p style="padding-left: 20px;">(ii) the expected rates of return on any plan assets for the periods presented in the financial report;</p> <p style="padding-left: 20px;">(iii) the expected rates of return for the periods presented in the financial statements on any reimbursement right recognised as an asset in accordance with paragraph 104A;</p> <p style="padding-left: 20px;">(iv) the expected rates of salary increases (and of changes in an index or other variable specified in the formal or constructive terms of a plan as the basis for future benefit increases);</p> <p style="padding-left: 20px;">(v) medical cost trend rates; and</p> <p style="padding-left: 20px;">(vi) any other material actuarial assumptions used.</p> <p>An entity shall disclose each actuarial assumption in absolute terms (for example, as an absolute percentage) and not just as a margin between different percentages or other variables;</p> <p>(o) the effect of an increase of one percentage point and the effect of a decrease of one percentage point in the assumed medical cost trend rates on:</p> <p style="padding-left: 20px;">(i) the aggregate of the current service cost and interest cost</p>	<p>plan as a whole.</p>	<p>excluded from the Tier 2 disclosure requirements.</p> <p>The first part of paragraph 120A(m) up to and including the words ‘plan assets’ and paragraph 28.41(j) of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, the first part of paragraph 120A(m) up to and including the words ‘plan assets’ should be retained in the Tier 2 disclosure requirements. [Accordingly, the rest of paragraph 120A(m) should be excluded from the Tier 2 disclosure requirements.]</p> <p>Paragraphs 120A(n)(i), (ii) and (iv)–(vi) and paragraph 28.41(k) of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, paragraphs 120A(n)(i), (ii) and (iv)–(vi) should be retained in the Tier 2 disclosure requirements.</p> <p>Paragraph 120A(n)(iii) has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraph 120A(n)(iii) should be excluded from the Tier 2 disclosure requirements.</p> <p>Paragraphs 120A(o), (p) and (q) have no equivalents in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, paragraphs 120A(o), (p) and (q) should be excluded from the Tier 2 disclosure requirements.</p> <p>The first sentence of the last full sub-paragraph of paragraph 28.41 of the <i>IFRS for SMEs</i> [beginning ‘The reconciliations in (e) and (f)...’] contains less onerous disclosure requirements than full IFRS. Based on the reasoning in paragraph 3 of the ‘Tier 2 Disclosure Principles’, the first sentence of the last full sub-paragraph of paragraph 28.41 of the <i>IFRS for SMEs</i> should be added to the Tier 2 disclosure requirements.</p> <p>The remainder of the last full sub-paragraph of paragraph 28.41 of the <i>IFRS for SMEs</i> [beginning ‘A subsidiary...’]</p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p>components of net periodic post-employment medical costs; and</p> <p>(ii) the accumulated post-employment benefit obligation for medical costs.</p> <p>For the purpose of this disclosure, all other assumptions shall be held constant. For plans operating in a high inflation environment, the disclosure shall be the effect of a percentage increase or decrease in the assumed medical cost trend rate of a significance similar to one percentage point in a low inflation environment;</p> <p>(p) the amounts for the current annual reporting period and previous four annual reporting periods of:</p> <p>(i) the present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan; and</p> <p>(ii) the experience adjustments arising on:</p> <p>(A) the plan liabilities expressed either as (1) an amount or (2) a percentage of the plan liabilities at the end of the reporting period; and</p> <p>(B) the plan assets expressed either as (1) an amount or (2) a percentage of the plan assets at the end of the reporting period;</p> <p>(q) the employer's best estimate, as soon as it can reasonably be determined, of contributions expected to be paid to the plan during the annual reporting period beginning after the end of the reporting period.</p>		<p>has no equivalent in AASB 119 and is more onerous than the requirements under full IFRS. Based on the reasoning in paragraph 4 of the 'Tier 2 Disclosure Principles', the remainder of the last full sub-paragraph of paragraph 28.41 of the <i>IFRS for SMEs</i> should not be added to the Tier 2 disclosure requirements.</p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p>121 Paragraph 120A(b) requires a general description of the type of plan. Such a description distinguishes, for example, flat salary pension plans from final salary pension plans and from post-employment medical plans. The description of the plan shall include informal practices that give rise to constructive obligations included in the measurement of the defined benefit obligation in accordance with paragraph 52. Further detail is not required.</p>		<p>Paragraph 121 provides guidance on how to make the disclosures required under paragraph 120A(b). Based on the reasoning in paragraph 7 of the 'Tier 2 Disclosure Principles', paragraph 121 should be retained in the Tier 2 disclosure requirements.</p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p>124—Where required by AASB 124 an entity discloses information about:</p> <ul style="list-style-type: none"> (a) related party transactions with post-employment benefit plans; and (b) post-employment benefits for key management personnel. 		<p>Paragraph 124 provides guidance in relation to potential related party disclosures under AASB 124. Paragraphs 17 and 18 of AASB 124, which require the disclosure of related party transactions and key management personnel compensation, have been retained in the Tier 2 disclosure requirements. Based on the reasoning in paragraph 7 of the ‘Tier 2 Disclosure Principles’, paragraph 124 should be retained in the Tier 2 disclosure requirements.</p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p>125 Where required by AASB 137 an entity discloses information about contingent liabilities arising from post-employment benefit obligations.</p>		<p>Paragraph 125 provides guidance in relation to potential contingent liability disclosures under AASB 137. Paragraph 86 of AASB 137, which requires the disclosure of information in relation to contingent liabilities, has been retained in the Tier 2 disclosure requirements. Based on the reasoning in paragraph 7 of the 'Tier 2 Disclosure Principles', paragraph 125 should be retained in the Tier 2 disclosure requirements.</p>

<p style="text-align: center;">Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i></p>	<p style="text-align: center;">Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i></p>	<p style="text-align: center;">Comments</p>
<p>Other Long-term Employee Benefits</p> <p>Disclosure</p> <p>131 Although this Standard does not require specific disclosures about other long-term employee benefits, other Australian Accounting Standards may require disclosures, for example, where the expense resulting from such benefits is material and so would require disclosure in accordance with AASB 101. When required by AASB 124 an entity discloses information about other long-term employee benefits for key management personnel.</p>	<p>Disclosures about other long-term benefits</p> <p>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.</p>	<p>Paragraph 28.42 of the <i>IFRS for SMEs</i> requires more detailed disclosures than paragraph 131. Based on the reasoning in paragraph 4 of the ‘Tier 2 Disclosure Principles’, paragraph 131 should be retained in the Tier 2 disclosure requirements.</p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p>Termination Benefits</p> <p>Disclosure</p> <p>141 Where there is uncertainty about the number of employees who will accept an offer of termination benefits, a contingent liability exists. As required by AASB 137 an entity discloses information about the contingent liability unless the possibility of an outflow in settlement is remote.</p>	<p>Disclosures about termination benefits</p> <p>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 <i>Provisions and Contingencies</i> requires an entity to disclose information about its contingent liabilities unless the possibility of an outflow in settlement is remote.</p>	<p>Paragraph 141 and paragraph 28.44 of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the Tier 2 Disclosure Principles, paragraph 141 should be retained in the Tier 2 disclosure requirements.</p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p>142 As required by AASB 101, an entity discloses the nature and amount of an expense if it is material. Termination benefits may result in an expense needing disclosure in order to comply with this requirement.</p>	<p>28.43 For each category of termination benefits that an entity provides to its employees, the entity shall disclose the nature of the benefit, its accounting policy, and the amount of its obligation and the extent of funding at the reporting date.</p>	<p>Paragraph 142 and paragraph 28.43 of the <i>IFRS for SMEs</i> correspond. Based on the reasoning in paragraph 2 of the ‘Tier 2 Disclosure Principles’, paragraph 142 should be retained in the Tier 2 disclosure requirements.</p>

Disclosure Requirements in AASB 119 <i>Employee Benefits</i>, as Amended for the Relevant Proposals in ED 195 <i>Defined Benefit Plans (proposed amendments to AASB 119)</i>	Disclosure Requirements in Section 28 of <i>IFRS for SMEs</i>	Comments
<p>143 Where required by AASB 124 an entity discloses information about termination benefits for key management personnel.</p>		<p>Paragraph 143 has no equivalent in the <i>IFRS for SMEs</i>. Based on the reasoning in paragraph 3 of the 'Tier 2 Disclosure Principles', paragraph 143 should be excluded from the Tier 2 disclosure requirements.</p> <p>In addition, the requirement in paragraph 17 of AASB 124 to separately disclose termination benefits for key management personnel is excluded from the Tier 2 disclosure requirements.</p>