

**Analysis of Disclosure Requirements
in AASB 127 *Separate Financial
Statements* with a View to
Determining Corresponding Tier 2
Disclosure Requirements**

Analysis of Disclosure Requirements

Disclosure requirements in AASB 127 <i>Separate Financial Statements</i>	Disclosure Requirements in <i>IFRS for SMEs, Section 9 Consolidated and Separate Financial Statements</i>	Analysis
<p>15 An entity shall apply all applicable Standards when providing disclosures in its separate financial statements, including the requirements in paragraphs 16-17.</p>		<p>Paragraph 15 has no equivalent in the <i>IFRS for SMEs</i>. It provides guidance but does not add disclosure requirements since entities would need to make relevant disclosures required by other Tier 2 standards anyway. Based on paragraph 7 of ‘Tier 2 Disclosure Principles’, paragraph 15 should be retained in the Tier 2 disclosure requirements.</p>
<p>16 When a parent, in accordance with paragraphs 4(a), Aus 4.1 and Aus4.2 of AASB 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:</p> <p>(a) the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used; the name and principal place of business (and country of incorporation, if different) of the entity whose consolidated financial statements that comply with International Financial Reporting Standards have been produced for public use; and the address where those consolidated financial statements are obtainable.</p> <p>(b) a list of significant investments in subsidiaries, joint ventures and associates, including:</p> <p>(i) the name of those investees.</p> <p>(ii) the principal place of business (and country of incorporation, if different) of those investees.</p> <p>(iii) its proportion of the ownership</p>	<p>Disclosures in separate financial statements</p> <p>9.27 When a parent, an investor in an associate, or a venturer with an interest in a jointly controlled entity prepares separate financial statements, those separate financial statements shall disclose:</p> <p>(a) that the statements are separate financial statements, and</p> <p>(b) a description of the methods used to account for the investments in subsidiaries, jointly controlled entities and associates,</p> <p>and shall identify the consolidated financial statements or other primary financial statements to which they relate.</p>	<p>Although paragraph 16(a) partially corresponds to paragraph 9.27, the pertinent requirements of paragraph 16(a) are covered by the part of paragraph 17(a) that is retained in the Tier 2 disclosure requirements. Accordingly, paragraph 16(a) is excluded from Tier 2 disclosure requirements and consequently the words “other than a parent covered by paragraph 16 or Aus16.1” are excluded from the lead in to paragraph 17.</p> <p>The disclosures required by paragraph 16(b), the second part of paragraph 17(a) and paragraph 17(b) are not new disclosure requirements for full IFRS – the superseded AASB 127 <i>Consolidated and Separate Financial Statements</i> paragraphs 42 and 43 required similar disclosures at the time <i>IFRS for SMEs</i> was issued. Paragraphs 16(b), the second part of paragraph 17(a) and paragraph 17(b) have no equivalent in the <i>IFRS for SMEs</i>. Based on paragraph 3(a) of the ‘Tier 2 Disclosure Principles’ paragraph 16(b), the second part of 17(a) and paragraph 17(b) should be excluded from Tier 2 disclosure requirements.</p> <p>The first part of paragraph 17(a) and the text following paragraph 17(c) correspond to the text following paragraph 9.27(b) of the <i>IFRS for SMEs</i>. Based on paragraph 2 of ‘Tier 2 Disclosure Principles’ the first part of paragraph 17(a) and the text following paragraph 17(c) should be retained in Tier 2 disclosure</p>

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<p>interest (and its proportion of the voting rights, if different) held in those investees.</p> <p>(c) a description of the method used to account for the investments listed under (b).</p> <p>Aus16.1 When a not-for-profit parent, in accordance with paragraphs 4(a), Aus4.1 and Aus4.2 of AASB 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements the disclosures specified in paragraph 16, with the exception that the reference in paragraph 16(a) to ‘International Financial Reporting Standards’ is replaced by a reference to ‘Australian Accounting Standards’.</p> <p>17 When a parent (other than a parent covered by paragraph 16 or Aus16.1) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, the parent or investor shall identify the financial statements prepared in accordance with AASB 10, AASB 11 or AASB 128 (August 2011) to which they relate. The parent or investor shall also disclose in its separate financial statements:</p> <p>(a) the fact that the statements are separate financial statements and the reasons why those statements are prepared if not required by law.</p> <p>(b) a list of significant investments in subsidiaries, joint ventures and associates, including:</p>		<p>requirements.</p> <p>Paragraphs 16(c) and 17(c) correspond to the first part of paragraph 9.27(b). Because paragraphs 16(b) and 17(b) are excluded from Tier 2 disclosure requirements, based on paragraph 3 of the ‘Tier 2 Disclosure Principles’, an RDR paragraph will be necessary to cover the requirements in paragraph 9.27(b). Accordingly, paragraphs 16(c) and 17(c) should be excluded from Tier 2 disclosure requirements. Instead, the following paragraph should be added to the Tier 2 disclosure requirements:</p> <p>RDR17.1 A parent or an investor with joint control of, or significant influence over, an investee, that prepares separate financial statements applying Australian Accounting Standards – Reduced Disclosure Requirements, shall disclose the methods used to account for the investment when significant.</p> <p>Since paragraph 16 is excluded from Tier 2 disclosure requirements, paragraph Aus16.1 should also be excluded from Tier 2 disclosure requirements.</p>

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<p>(i) the name of those investees.</p> <p>(ii) the principal place of business (and country of incorporation, if different) of those investees.</p> <p>(iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.</p> <p>(c) a description of the method used to account for the investments listed under (b).</p> <p>The parent or investor shall also identify the financial statements prepared in accordance with AASB 10, AASB 11 or AASB 128 (August 2011) to which they relate.</p>		