Analysis of Disclosure Requirements in AASB 13 *Fair Value Measurement* (September 2011) and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* with a View to Determining Corresponding Tier 2 Disclosure Requirements

This analysis is set out in two parts:

(A) Part A addresses the disclosures required by AASB 13 from which it is proposed entities applying Tier 2 reporting requirements should be exempt; and

(B) Part B addresses the Tier 2 proposals in respect of AASB 13 consequential amendments to disclosure requirements in other Standards implemented through AASB 2011-8.

The AASB's conclusions about proposed Tier 2 disclosure requirements 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' and an explanation of 'Tier 2 Disclosure Principles', are available on the AASB website under Work in Progress/Reduced Disclosure Requirements.

Part A – Disclosures required by AASB 13 from which it is proposed entities applying Tier 2 reporting requirements should be exempt

AASB 13 *Fair Value Measurement* is a new Standard that provides guidance for measuring fair value and includes disclosure requirements about fair value measurement. AASB 13 includes some new disclosure requirements and some disclosure requirements carried forward from existing Standards (and those Standards have been amended accordingly through AASB 2011-8). All disclosure requirements under AASB 13 are included in this analysis.

Note:
In determining the Tier 2 disclosure requirements for those disclosures that have been carried forward from existing Standards, the existing Tier 2 disclosure requirements of those Standards have been considered.

For the new disclosures in AASB 13 Tier 2 disclosure requirements are determined using 'user need' and cost-benefit' principles. Where the new disclosures are analogous or similar in nature to disclosures in other Standards, consideration has been given to the consistent application of the 'Tier 2 Disclosure Principles'.

Analysis of Disclosure Requirements

Disclosure Requirements in AASB 13 *Fair Value Measurement*	**Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities***	**Comments**
91. An entity shall disclose information that helps users of its financial statements assess both of the following: **(a) for assets and liabilities that are measured at fair value on a recurring or non-recurring basis in the statement of financial position after initial recognition, the valuation techniques and inputs used to develop those measurements.** **(b) for recurring fair value measurements using significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income for the period.**	The disclosure requirement in paragraph 11.43 relates to financial instruments and also applies to section 14 *Investments in Associates* and section 15 *Investments in Joint Ventures* where the references to financial instruments are to be read to include the type of assets covered by those sections. 11.43 For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, eg quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. 16.10 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 16.7):	Paragraph 91(a) of AASB 13 and paragraphs 11.43, 16.10 and 34.7 of the *IFRSs for SMEs* correspond. Based on paragraph 2 of 'Tier 2 Disclosure Principles', paragraph 91(a) should be retained in the Tier 2 disclosure requirements. [Note: Paragraph 75(d) of AASB 140 *Investment Property* corresponds to paragraph 16.10 of *IFRS for SMEs,* paragraph 47 of AASB 141 *Agriculture* corresponds to paragraph 34.7 of *IFRS for SMEs.* Paragraph RDR27.1 of AASB 7 *Financial Instruments: Disclosures* corresponds to paragraph 11.43 of the *IFRS for SMEs.* The paragraphs of AASB 140 and 141 have also been retained in the Tier 2 disclosure requirements. Paragraph RDR27.1 and the retention of paragraph 75(d) of AASB 140 and paragraph 47 of AASB 141 corroborate the proposed retention of paragraph 91(a) in the Tier 2 disclosure requirements.] Paragraph 91(b) is a new disclosure requirement and has no equivalent in the *IFRS for SMEs*. The cost to Tier 2 entities of disclosing the information required by paragraph 91(b) would be expected to exceed the benefits to users. Based on

Disclosure Requirements in AASB 13 *Fair Value Measurement*	Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities*	Comments
	(a) the methods and significant assumptions applied in determining the fair value of investment property. 34.7 An entity shall disclose the following with respect to its biological assets measured at fair value: (a) a description of each class of its biological assets. (b) the methods and significant assumptions applied in determining the fair value of each category of agricultural produce at the point of harvest and each category of biological assets.	paragraph 3(a) of the 'Tier 2 Disclosure Principles', applying 'user need' and 'cost-benefit' principles to new disclosure requirements, paragraph 91(b) should be excluded from the Tier 2 disclosure requirements. [Note: Paragraph 91(b) requires disclosures that are similar in nature to the disclosures in paragraphs 27B(c) and 27B(d) of AASB 7, which are excluded from the Tier 2 disclosure requirements. This corroborates the proposed exclusion of paragraph 91(b) from the Tier 2 disclosure requirements.]
92. To meet the objectives in paragraph 91, an entity shall consider all the following: (a) the level of detail necessary to satisfy the disclosure requirements; (b) how much emphasis to place on each of the various requirements; (c) how much aggregation or disaggregation to undertake; and (d) whether users of financial statements need additional information to evaluate the quantitative information disclosed. If the disclosures provided in accordance with this Australian Accounting Standard and other		Paragraph 92 has no equivalent in *IFRS for SMEs.* The first sentence of paragraph 92 provides guidance about the application of paragraph 91(a) of AASB 13 and does not add disclosure requirements. Consistent with retaining paragraph 91(a), based on paragraph 7 of the 'Tier 2 Disclosure Principles', the first sentence of paragraph 92 should be retained in the Tier 2 disclosure requirements. The second sentence of paragraph 92 is a new disclosure requirement in full IFRS – it was not included in the requirements of full IFRS at the

Disclosure Requirements in AASB 13 *Fair Value Measurement*	**Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities***	**Comments**
Australian Accounting Standards are insufficient to meet the objectives in paragraph 91, an entity shall disclose additional information necessary to meet those objectives.		time *IFRS for SMEs* was issued. The disclosure of additional information would be in the context of needs of users of financial statements of Tier 2 entities and it is expected that Tier 2 entities (like Tier 1 entities) would have due attention to the balance between costs and benefits in providing the additional information. Accordingly it is expected that the benefits to users of disclosures required by the second sentence of paragraph 92 would exceed the costs to entities disclosing that information. Based on paragraph 3(a) of ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles to new disclosure requirements, the second sentence of paragraph 92 should be retained in the Tier 2 disclosure requirements.
93. To meet the objectives in paragraph 91, an entity shall disclose, at a minimum, the following information for each class of assets and liabilities (see paragraph 94 for information on determining appropriate classes of assets and liabilities) measured at fair value (including measurements based on fair value within the scope of this Standard) in the statement of financial position after initial recognition: (a) for recurring and non-recurring fair value measurements, the fair value measurement at the end of the reporting period, and for non-recurring fair value measurements, the		Paragraph 93(a) is a new disclosure requirement and has no equivalent in the *IFRS for SMEs.* The benefit to users of disclosing the information required by paragraph 93(a) would be expected to exceed the cost to Tier 2 entities Based on paragraph 3(a) of the ‘Tier 2 Disclosure Principles’, applying the ‘user need’ and ‘cost-benefit’ principles to new disclosure requirements, paragraph 93(a) should be retained in the Tier 2 disclosure requirements.

Disclosure Requirements in AASB 13 *Fair Value Measurement*	Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities*	Comments
reasons for the measurement. Recurring fair value measurements of assets or liabilities are those that other Australian Accounting Standards require or permit in the statement of financial position at the end of each reporting period. Non-recurring fair value measurements of assets or liabilities are those that other Australian Accounting Standards require or permit in the statement of financial position in particular circumstances (eg when an entity measures an asset held for sale at fair value less costs to sell in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* because the asset's fair value less costs to sell is lower than its carrying amount).		
(b) for recurring and non-recurring fair value measurements, the level of the fair value hierarchy within which the fair value measurements are categorised in their entirety (Level 1, 2 or 3).		Paragraphs 93(b) to 93(h) are new disclosure requirements and have no equivalents in the *IFRS for SMEs*. The cost to Tier 2 entities of disclosing the information required by paragraphs 93(b) to 93(h) would be expected to exceed the benefits to users. Based on paragraph 3(a) of the 'Tier 2 Disclosure Principles', applying the 'user need' and 'cost-benefit' principles to new disclosure requirements, paragraphs 93(b) to 93(h) should be excluded from the Tier 2 disclosure requirements. [Note: The disclosures required in paragraphs 93(b)-93(h) are similar in nature to the disclosures required in paragraph 27B of AASB 7 – refer to the table immediately below, which compares
(c) for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis, the amounts of any transfers between Level 1 and Level 2 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 95). Transfers into each level shall be disclosed and discussed separately from		

<table>
<tr><th>Disclosure Requirements in AASB 13 Fair Value Measurement</th><th>Disclosure Requirements in IFRSs for SMEs
Section 11 Basic Financial Instruments,
Section 14 Investments in Associates,
Section 15 Investments in Joint Ventures,
Section 16 Investment Property,
Section 34 Specialised Activities</th><th>Comments</th></tr>
<tr><td>transfers out of each level.

(d) for recurring and non-recurring fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation technique(s) and the inputs used in the fair value measurement. If there has been a change in valuation technique (eg changing from a market approach to an income approach or the use of an additional valuation technique), the entity shall disclose that change and the reason(s) for making it. For fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (eg when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity.</td><td></td><td>paragraphs 93(b)-93(h) with corresponding paragraphs in AASB 7. Those paragraphs require specific fair value measurement disclosures classified according to the fair value hierarchy and have been excluded from Tier 2 disclosure requirements in AASB 7. This corroborates the proposed exclusion of paragraphs 93(b)-93(h) from the Tier 2 disclosure requirements.]

<table>
<tr><th>AASB 13 paragraph</th><th>Corresponding AASB 7 paragraph</th></tr>
<tr><td>93(b)</td><td>27B(a)</td></tr>
<tr><td>93(c)</td><td>27B(b)</td></tr>
<tr><td>93(d)</td><td>-</td></tr>
<tr><td>93(e)</td><td>27B(c)</td></tr>
<tr><td>93(f)</td><td>27B(d)</td></tr>
<tr><td>93(g)</td><td>-</td></tr>
<tr><td>93(h)(i)</td><td>-</td></tr>
<tr><td>93(h)(ii)</td><td>27B(e)</td></tr>
</table>

Paragraphs 93(d), 93(g) and 93(h)(i) are new paragraphs that do not directly correspond to a paragraph in AASB 7. However, the disclosure requirements in these paragraphs include disclosures about valuation techniques, inputs used, reasons for a change in valuation technique, quantitative information about significant unobservable inputs used, a description of the valuation process and narrative descriptions of the sensitivity of the fair value measurement to</td></tr>
</table>

Disclosure Requirements in AASB 13 *Fair Value Measurement*	**Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities***	**Comments**
(e) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a reconciliation from the opening balances to the closing balances, disclosing separately changes during the period attributable to the following: (i) total gains or losses for the period recognised in profit or loss, and the line item(s) in profit or loss in which those gains or losses are recognised. (ii) total gains or losses for the period recognised in other comprehensive income, and the line item(s) in other comprehensive income in which those gains or losses are recognised. (iii) purchases, sales, issues and settlements (each of those types of changes disclosed separately). (iv) the amounts of any transfers into or out of Level 3 of the fair value hierarchy, the reasons for those transfers and the entity's policy for determining when transfers between levels are deemed to have occurred (see paragraph 95). Transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.		changes in unobservable inputs, if significant, which are similar in nature to the other disclosures in paragraphs 27B(a)-27B(d) of AASB 7, as a whole. [Note: The conclusion in relation to excluding paragraphs 93(b) to 93(h) is also corroborated by comments noted in submissions received from constituents on ED 199 *Measurement Uncertainty Analysis Disclosure for Fair Value Measurements.* Constituents generally noted that: (a) fair value hierarchy disclosures, notably the disclosure on sensitivity analysis, may be too onerous; and (b) users that may benefit from these additional disclosures are likely to be a limited group of people with particular information needs. For other users who do not need this extra information, the relevance of what is disclosed is likely to be outweighed by the complexity of the disclosures.]

Disclosure Requirements in AASB 13 *Fair Value Measurement*	Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities*	Comments
(f) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy, the amount of the total gains or losses for the period in (e)(i) included in profit or loss that is attributable to the change in unrealised gains or losses relating to those assets and liabilities held at the end of the reporting period, and the line item(s) in profit or loss in which those unrealised gains or losses are recognised.		
(g) for recurring and non-recurring fair value measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation processes used by the entity (including, for example, how an entity decides its valuation policies and procedures and analyses changes in fair value measurements from period to period).		
(h) for recurring fair value measurements categorised within Level 3 of the fair value hierarchy: (i) for all such measurements, a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement. If there are interrelationships between those inputs and other unobservable inputs used in the fair value measurement, an		

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entity shall also provide a description of those interrelationships and of how they might magnify or mitigate the effect of changes in the unobservable inputs on the fair value measurement. To comply with that disclosure requirement, the narrative description of the sensitivity to changes in unobservable inputs shall include, at a minimum, the unobservable inputs disclosed when complying with (d). (ii) for financial assets and financial liabilities, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly, an entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to reflect a reasonably possible alternative assumption was calculated. For that purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.		

Disclosure Requirements in AASB 13 *Fair Value Measurement*	Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities*	Comments
(i) for recurring and non-recurring fair value measurements, if the highest and best use of a non-financial asset differs from its current use, an entity shall disclose that fact and why the non-financial asset is being used in a manner that differs from its highest and best use.		Paragraph 93(i) is a new disclosure requirement and has no equivalent in the *IFRS for SMEs*. The cost to entities of the disclosure required by paragraph 93(i) is expected to exceed the benefits to users, in particular the cost of obtaining dual valuations. Based on paragraph 3(a) of the 'Tier 2 Disclosure Principles', applying the 'user need' and 'cost-benefit' principles to new disclosure requirements, paragraph 93(i) should be excluded from the Tier 2 disclosure requirements. [Note: In its submission to the IASB on ED/2009/5 *Fair Value Measurement*, the AASB did not support this disclosure requirement because it would involve costs of obtaining dual valuations that are likely to exceed the benefits.]
94. An entity shall determine appropriate classes of assets and liabilities on the basis of the following: (a) the nature, characteristics and risks of the asset or liability; and (b) the level of the fair value hierarchy within which the fair value measurement is categorised. The number of classes may need to be greater for fair value measurements categorised within Level 3 of the fair value hierarchy because those measurements have a greater degree of uncertainty and subjectivity. Determining appropriate classes of assets and liabilities for which disclosures about fair		Paragraph 94 provides guidance about the application of paragraph 93(a) (which is proposed to be retained) in regard to disclosing information about assets and liabilities that are measured at fair value. Paragraph 94 does not add disclosure requirements. Based on paragraph 7 of the 'Tier 2 Disclosure Principles', paragraph 94 should be retained in the Tier 2 disclosure requirements.

Disclosure Requirements in AASB 13 *Fair Value Measurement*	Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities*	Comments
value measurements should be provided requires judgement. A class of assets and liabilities will often require greater disaggregation than the line items presented in the statement of financial position. However, an entity shall provide information sufficient to permit reconciliation to the line items presented in the statement of financial position. If another Standard specifies the class for an asset or a liability, an entity may use that class in providing the disclosures required in this Standard if that class meets the requirements in this paragraph.		
95. An entity shall disclose and consistently follow its policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred in accordance with paragraph 93(c) and (e)(iv). The policy about the timing of recognising transfers shall be the same for transfers into the levels as for transfers out of the levels. Examples of policies for determining the timing of transfers include the following: (a) the date of the event or change in circumstances that caused the transfer. (b) the beginning of the reporting period. (c) the end of the reporting period.		Paragraph 95 is a new disclosure requirement and has no equivalent in the *IFRS for SMEs*. The cost to Tier 2 entities of disclosing the information required by paragraph 95 would be expected to exceed the benefits to users. Based on paragraph 3(a) of the 'Tier 2 Disclosure Principles', applying the 'user need' and 'cost-benefit' principles to new disclosure requirements, paragraph 95 should be excluded from the Tier 2 disclosure requirements. [Note: Paragraph 95 requires disclosures that are similar in nature to those required in paragraph 27B(b) of AASB 7, which are excluded from the Tier 2 disclosure requirements. This corroborates the proposed exclusion of paragraph 95 from the Tier 2 disclosure requirements.]

Disclosure Requirements in AASB 13 *Fair Value Measurement*	Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities*	Comments
96. If an entity makes an accounting policy decision to use the exception in paragraph 48, it shall disclose that fact.		Paragraph 96 is a new disclosure requirement and has no equivalent in the *IFRS for SMEs.* Paragraph 96 provides useful information about an entity's accounting policy choices, to satisfy information needs of users of the financial statements of Tier 2 entities, without significantly increasing the costs to the reporting entity. Based on paragraph 3(a) of the 'Tier 2 Disclosure Principles', applying the 'user need' and 'cost-benefit' principles to new disclosure requirements, paragraph 96 should be retained in the Tier 2 disclosure requirements.
97. For each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed, an entity shall disclose the information required by paragraph 93(b), (d) and (i). However, an entity is not required to provide the quantitative disclosures about significant unobservable inputs used in fair value measurements categorised within Level 3 of the fair value hierarchy required by paragraph 93(d). For such assets and liabilities, an entity does not need to provide the other disclosures required by this Standard.		Paragraph 97 is a new disclosure requirement and has no equivalent in the *IFRS for SMEs.* However paragraph 97 relates to disclosure requirements in paragraphs 93(b), (d) and (i), which are proposed to be excluded from the Tier 2 disclosure requirements. Therefore paragraph 97 is redundant and should be excluded from the Tier 2 disclosure requirements.
98. For a liability measured at fair value and issued with an inseparable third-party credit enhancement, an issuer shall disclose the existence of that credit enhancement and whether it is reflected in the fair value measurement of the liability.		Paragraph 98 is a new disclosure requirement and has no equivalent in the *IFRS for SMEs.* The cost to Tier 2 entities of disclosing the information required by paragraphs 98 would be expected to exceed the benefits to users. Based on

Disclosure Requirements in AASB 13 *Fair Value Measurement*	Disclosure Requirements in IFRSs for SMEs Section 11 *Basic Financial Instruments*, Section 14 *Investments in Associates*, Section 15 *Investments in Joint Ventures*, Section 16 *Investment Property*, Section 34 *Specialised Activities*	Comments
		paragraph 3(a) of the 'Tier 2 Disclosure Principles', applying the 'user need' and 'cost-benefit' principles to new disclosure requirements, paragraph 98 should be excluded from the Tier 2 disclosure requirements.
99. An entity shall present the quantitative disclosures required by this Standard in a tabular format unless another format is more appropriate.		Paragraph 99 provides guidance about the presentation of quantitative disclosures that have been excluded from Tier 2 disclosure requirements [see paragraphs 93(b)-93(h) above]. Based on paragraph 7 of the 'Tier 2 Disclosure Principles' paragraph 99 should be excluded from the Tier 2 disclosure requirements.

Part B – Tier 2 proposals in respect of consequential amendments to disclosure requirements in other Standards arising from AASB 13

All disclosure requirements under AASB Standards, affected by AASB 13 consequential amendments implemented through AASB 2011-8, are included in Part B of this analysis.

The consequential amendments to disclosure requirements of AASB Standards in relation to fair value measurement are shown in the first column of the Table below as marked-up text. Those disclosure requirements under AASB Standards that are deleted by AASB 2011-8 from the Tier 1 disclosure requirements are shown in the Table below as struck through text. The absence of any marked-up text means that the disclosure requirements have not been affected by the consequential amendments under AASB 2011-8.

Comments provided in the third column of the Table below are presented in a similar manner as the disclosure requirements included in the first column of the Table. Accordingly, comments that would no longer be applicable (because, for instance, the relevant disclosure item has been deleted as a result of AASB 2011-8) are shown as struck through text and new comments are shown as underlined text. Text that is not underlined or struck through relates to the AASB's previous decisions on Tier 2 disclosure requirements, and is included in this analysis for context.

Analysis of Disclosure Requirements

<table>
<tr><th>Disclosure Requirements in AASB 3 Business Combinations</th><th>Disclosure Requirements in
IFRS for SMEs, Section 19 Business Combinations and Goodwill</th><th>Comments</th></tr>
<tr><td>B64 To meet the objective in paragraph 59, the acquirer shall disclose the following information for each business combination that occurs during the reporting period:
(a) …
(f) the acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration, such as:
(i) …
(iv) equity interests of the acquirer, including the number of instruments or interests issued or issuable and the method of <s>determining</s> <u>measuring</u> the fair value of those instruments or interests.
(g) …
(o) for each business combination in which the acquirer holds less than 100 per cent of the equity interests in the acquiree at the acquisition date:
(i) …
(ii) for each non-controlling interest in an acquiree measured at fair value, the valuation technique(s) and <s>key model</s> <u>significant</u> inputs used <s>for determining</s> <u>to measure</u> that value.
(p) …</td><td>For business combination(s) effected during the reporting period
19.25 For each business combination that was effected during the period, the acquirer shall disclose the following:
(a) the names and descriptions of the combining entities or businesses.
(b) the acquisition date.
(c) the percentage of voting equity instruments acquired.
(d) the cost of the combination and a description of the components of that cost (such as cash, equity instruments and debt instruments).
(e) the amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill
(f) the amount of any excess recognised in profit or loss in accordance with paragraph 19.24, and the line item in the statement of comprehensive income (and in the income statement, if presented) in which the excess is recognised.</td><td>Paragraphs B64(a), B64(b), B64(c), B64(f), B64(i) and B64(n)(i) and paragraphs 19.25(a) − 19.25(f) of the IFRS for SMEs correspond. Based on paragraph 2 of 'Tier 2 Disclosure Principles', paragraphs B64(a), B64(b), B64(c), B64(f), B64(i) and B64(n)(i) should be retained in the Tier 2 disclosure requirements.

Paragraphs B64(d), B64(e), B64(g), B64(h), B64(j) second sentence, B64(k), B64(l), B64(m), B64(n)(ii), B64(o)(ii), B64(p) and B64(q) have no equivalents in the IFRS for SMEs and, based on paragraph 3 of 'Tier 2 Disclosure Principles', should be excluded from the Tier 2 disclosure requirements.

<u>[Note: The amendments under AASB 2011-8 would not substantively change the disclosure requirements in paragraphs B64(f)(iv) and B64(o)(ii) of AASB 3. Accordingly, the existing Tier 2 disclosure requirements of paragraph B64 should be applied, that is, paragraph B64(f)(iv) should be retained in, while paragraph B64(o)(ii) should be excluded from, the Tier 2 disclosure requirements.]</u></td></tr>
</table>

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*		Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues		Comments
27	[Deleted by the IASB] ~~An entity shall disclose for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in valuation technique, the entity shall disclose that change and the reasons for making it.~~	11.43	For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, e.g. quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates.	~~Paragraph 27 and paragraph 11.43 of the *IFRS for SMEs* correspond, except that paragraph 27 requires disclosure for each class of financial instruments whilst paragraph 11.43 requires disclosure on an aggregated basis for all financial assets and liabilities. Therefore based on paragraph 3 of the 'Tier 2 Disclosure Principles', paragraph 27 should be excluded from the Tier 2 disclosure requirements and replaced with an RDR paragraph that requires disclosure on an aggregated basis.~~ [Note: Paragraph 11.43 of the *IFRS for SMEs* is used to analyse the new disclosure requirement in paragraph 91 of AASB 13 − see Part A of this analysis.]
27A	[Deleted by the IASB] ~~To make the disclosures required by paragraph 27B an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:~~ ~~(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);~~ ~~(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and~~ ~~(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).~~			~~Paragraphs 27A and 27B have no equivalent in the *IFRS for SMEs* and, based on the reasoning in paragraph IN3 of this Appendix, should be excluded from the RDR.~~

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues	Comments
~~The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.~~ 27B [Deleted by the IASB] ~~For fair value measurements recognised in the statement of financial position an entity shall disclose for each class of financial instruments:~~ ~~(a) the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in paragraph 27A.~~ ~~(b) any significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for those transfers. Transfers into each level shall be disclosed and discussed separately from transfers out of each level. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities.~~ ~~(c) for fair value measurements in Level 3 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances,~~		

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues	Comments
~~disclosing separately changes during the period attributable to the following:~~ ~~(i) total gains or losses for the period recognised in profit or loss, and a description of where they are presented in the statement of comprehensive income or the separate income statement (if presented);~~ ~~(ii) total gains or losses recognised in other comprehensive income;~~ ~~(iii) purchases, sales, issues and settlements (each type of movement disclosed separately); and~~ ~~(iv) transfers into or out of Level 3 (e.g. transfers attributable to changes in the observability of market data) and the reasons for those transfers. For significant transfers, transfers into Level 3 shall be disclosed and discussed separately from transfers out of Level 3.~~ ~~(d) the amount of total gains or losses for the period in (c)(i) above included in profit or loss that are attributable to gains or losses relating to those assets and liabilities held at the end of the reporting period and a description of where those gains or losses are presented in the statement of comprehensive income or the separate income statement (if presented).~~ ~~(e) for fair value measurements in Level 3, if changing one or more of the inputs to reasonably possible alternative assumptions would change fair value significantly, the entity shall state that fact and disclose the effect of~~		

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	**Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues**	**Comments**
~~those changes. The entity shall disclose how the effect of a change to a reasonably possible alternative assumption was calculated. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.~~ ~~An entity shall present the quantitative disclosures required by this paragraph in tabular format unless another format is more appropriate.~~		
28 ~~If the market for a financial instrument is not active, an entity establishes its fair value using a valuation technique (see paragraphs B5.4.6–B5.4.12 of AASB 9). Nevertheless, the best evidence of fair value at initial recognition is the transaction price (i.e. the fair value of the consideration given or received), unless the conditions described in paragraph B5.4.8 of AASB 9 are met. It follows that there could be a difference between the fair value at initial recognition and the amount that would be determined at that date using the valuation technique. If such a difference exists, an entity shall disclose, by class of financial instrument:~~ <u>In some cases, an entity does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph B5.1.2A of AASB 9). In such cases, the entity shall disclose by class of financial asset or financial liability:</u> (a) its accounting policy for recognising <u>in profit</u>		~~The first three sentences of paragraph 28 are in the nature of guidance and should be retained in the RDR based on the reasoning in paragraph N7 of this Appendix.~~ ~~The fourth sentence in paragraph 28 beginning 'If such a difference exists…' has no equivalent in the IFRS for SMEs and, based on the reasoning in paragraph IN3 of this Appendix, should be excluded from the RDR.~~ <u>The first sentence added to paragraph 28 as a result of AASB 2011-8 is in the nature of contextual guidance and should be retained in the Tier 2 disclosure requirements based on paragraph 7 of 'Tier 2 Disclosure Principles'</u>. <u>The amendments under AASB 2011-8 would not substantively change the disclosure requirements in</u>

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues	Comments
or loss the ~~that~~ difference between the fair value at initial recognition and the transaction price ~~in profit or loss~~ to reflect a change in factors (including time) that market participants would ~~consider in setting a price~~ take into account when pricing the asset or liability (see paragraph ~~B5.4.9~~ B5.1.2A(b) of AASB 9).~~; and~~ (b) ... (c) why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.		paragraph 28(a), and since it has no equivalent in the *IFRS for SMEs,* based on paragraph 3 of 'Tier 2 Disclosure Principles', the second sentence added to paragraph 28 and paragraph 28(a) should be excluded from the Tier 2 disclosure requirements. The disclosure required in paragraph 28(c) relates to the accounting policy disclosure required in paragraph 28(a), which is excluded from Tier 2 disclosure requirements, therefore paragraph 28(c) should be excluded from the Tier 2 disclosure requirements.

Disclosure requirements in AASB 116 *Property, Plant and Equipment*	**Disclosure Requirements in *IFRS for SMEs*, Section 17 *Property, Plant and Equipment***	**Comments**
77 If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed in addition to the disclosures required by AASB 13: **(a) the effective date of the revaluation;** **(b) whether an independent valuer was involved;** (c) [deleted by the IASB] ~~**the methods and significant assumptions applied in estimating the items' fair values;**~~ (d) [deleted by the IASB] ~~**the extent to which the items' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques;**~~ **(e) for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model; and** **(f) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.**		Paragraph 77 has no equivalent in the *IFRS for SMEs,* which permits only the cost model to be applied to property, plant and equipment after initial recognition. ~~Because paragraph 77 — except for paragraph 77(e) [see below] — requires useful information about measurement uncertainties, disaggregation of amounts presented in the financial statements, and events encountered by the entity (as referred to in paragraphs IN6(c), IN6(e) and IN6(f) of this Appendix), it should be retained in the RDR~~. The benefit to users of disclosing the information required by paragraphs 77(a) and 77(b) would be expected to exceed the cost to Tier 2 entities. Based on the 'user need' and 'cost-benefit' principle in paragraph 5 of 'Tier 2 Disclosure Principles', paragraphs 77(a) and 77(b) should be retained in Tier 2 disclosure requirements. In relation to paragraph 77(e) of AASB 116, if an entity elects to apply the revaluation model to a class of property, plant and equipment, it is asserting that the model provides reliable information that is more relevant than information from applying the cost model to that class. It seems irrelevant to provide comparative information about the cost model. This is because the comparability that the paragraph 77(e) disclosure might show with entities that apply the cost model is

Disclosure requirements in AASB 116 *Property, Plant and Equipment*	Disclosure Requirements in *IFRS for SMEs*, Section 17 *Property, Plant and Equipment*	Comments
		largely illusory, since different entities acquire assets on different dates with money that has different purchasing power. The AASB previously decided that, for entities not needing to assert full compliance with IFRSs (not-for-profit entities), the benefits of applying paragraph 77(e) of AASB 116 were less than the related costs. This is reflected in paragraph Aus77.1 of AASB 116. Therefore, paragraph 77(e) should be excluded from the Tier 2 disclosure requirements. Paragraph 77(f) requires useful information about disaggregations of amounts presented in the financial statements. Based on paragraph 6(e) of the 'Tier 2 Disclosure Principles', it should be retained in the Tier 2 disclosure requirements.

Disclosure requirements in AASB 136 *Impairment of Assets*	Disclosure Requirements in *IFRS for SMEs*, Section 27 *Impairment of Assets*	Comments
130 An entity shall disclose the following for each material impairment loss recognised or reversed during the period for an individual asset, including goodwill, or a cash-generating unit: **(a) …** **(f) if recoverable amount is fair value less costs ~~to sell~~ of disposal, the basis used to ~~determine~~ measure fair value less costs ~~to sell~~ of disposal (such as whether fair value was ~~determined~~ measured by reference to a quoted price in an active market for an identical asset). An entity is not required to provide the disclosures required by AASB 13; and** **(g) …**		Paragraph 130 has no equivalent in the *IFRS for SMEs* and, based on paragraph 3 of 'Tier 2 Disclosure Principles', it should be excluded from the Tier 2 disclosure requirements. [Note: Because the amendments under AASB 2011-8 would not substantively change the disclosure requirement in paragraph 130(f), paragraph 130(f) should continue to be excluded from the Tier 2 disclosure requirements.]
134 An entity shall disclose the information required by (a)–(f) for each cash-generating unit (group of units) for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit (group of units) is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives: **(a) …** **(c) the recoverable amount of the unit (or group of units) and the basis on which the unit's (group of units') recoverable amount has been determined (i.e. value in use or fair value less costs ~~to sell~~ of disposal);** **(d) if the unit's (group of units') recoverable amount is based on value in use:**		Paragraphs 134 and 135 have no equivalents in the *IFRS for SMEs* due to a recognition and measurement difference, namely under the *IFRS for SMEs* no assets are presumed to have an indefinite life. Based on the 'cost-benefit' principle in paragraph 5 of 'Tier 2 Disclosure Principles', paragraphs 134 and 135 should be excluded from the Tier 2 disclosure requirements. The amendments under AASB 2011-8 to paragraph 134(c) of AASB 136 require additional disclosure of the recoverable amount of the cash generating unit (or group of units). Based on paragraph 5 of 'Tier 2 Disclosure Principles', applying 'user need' and 'cost-benefit' principles,

Disclosure requirements in AASB 136 *Impairment of Assets*	**Disclosure Requirements in *IFRS for SMEs*, Section 27 *Impairment of Assets***	**Comments**
(i) ~~a description of~~ each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive; **(ii) …** **(e) if the unit's (group of units') recoverable amount is based on fair value less costs ~~to sell~~ of disposal, the ~~methodology~~ valuation technique(s) used to ~~determine~~ measure fair value less costs ~~to sell~~ of disposal. An entity is not required to provide the disclosures required by AASB 13. If fair value less costs ~~to sell~~ of disposal is not ~~determined~~ measured using ~~an observable market~~ a quoted price for ~~the~~ an identical unit (group of units), an entity shall disclose the following information ~~shall also be disclosed~~:** **(i) ~~a description of~~ each key assumption on which management has based its determination of fair value less costs ~~to sell~~ of disposal. Key assumptions are those to which the unit's (group of units') recoverable amount is most sensitive.** (ii) … **(iiA) the level of the fair value hierarchy (see AASB 13) within which the fair value measurement is categorised in**		paragraph 134(c) should continue to be excluded from the Tier 2 disclosure requirements. [Note 1: The amendment under AASB 2011-8 to paragraph 134(d)(i) would not substantively change its disclosure requirements. Accordingly, paragraph 134(d)(i) should continue to be excluded from the Tier 2 disclosure requirements.] [Note 2: The amendments to the first three sentences in paragraph 134(e) would not substantively change its disclosure requirements. Accordingly, the first three sentences in paragraph 134(e) should continue to be excluded from the Tier 2 disclosure requirements. New paragraphs 134(e)(iiA) and 134(e)(iiB) require disclosures that are based on AASB 13 (see paragraphs 93(b) and 93(d) of that standard). Because paragraphs 93(b) and 93(d) of AASB 13 are excluded from the Tier 2 disclosure requirements, consistent with that decision, paragraphs 134(e)(iiA) and 134(e)(iiB) should also be excluded from the Tier 2 disclosure requirements. The amendments to the disclosure requirements following paragraph 134(e)(iiB) of AASB 136 would not substantively change the

Disclosure requirements in AASB 136 *Impairment of Assets*	Disclosure Requirements in *IFRS for SMEs*, Section 27 *Impairment of Assets*	Comments
its entirety (without giving regard to the observability of 'costs of disposal'). **(iiB) if there has been a change in valuation technique, the change and the reason(s) for making it.** **If fair value less costs ~~to sell~~ of disposal is ~~determined~~ measured using discounted cash flow projections, an entity shall disclose the following information ~~shall also be disclosed~~:** **(iii) the period over which management has projected cash flows;** **(iv) the growth rate used to extrapolate cash flow projections;** **(v) the discount rate(s) applied to the cash flow projections;** **(f) …**		disclosure requirements. Accordingly, these disclosure requirements should continue to be excluded from the Tier 2 disclosure requirements.]

Disclosure Requirements in AASB 138 *Intangible Assets*	**Disclosure Requirements in *IFRS for SMEs*, Section 27 *Intangible Assets other than Goodwill***	**Comments**
124 If intangible assets are accounted for at revalued amounts, an entity shall disclose the following: **(a) by class of intangible assets:** **(i) the effective date of the revaluation;** **(ii) the carrying amount of revalued intangible assets; and** **(iii) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74; <u>and</u>** **(b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders<u>.</u>~~;~~ ~~and~~** (c) [deleted by the IASB] ~~**the methods and significant assumptions applied in estimating the assets' fair values.**~~		Paragraph 124 has no equivalent in the *IFRS for SMEs,* which permits only the cost model to be applied to intangible assets after initial recognition. Because paragraph 124 – except for paragraph 124(a)(iii) [see below] – requires useful information about measurement uncertainties, disaggregations of amounts presented in the financial statements, and events encountered by the entity (as referred to in paragraphs 6(c), 6(e) and 6(f) of 'Tier 2 Disclosure Principles'), it should be retained in the Tier 2 disclosure requirements. In relation to paragraph 124(a)(iii), if an entity elects to apply the revaluation model to a class of intangible assets, it is asserting that the model provides reliable information that is more relevant than information from applying the cost model to that class. It seems irrelevant to provide comparative information about the cost model. This is because the comparability that the paragraph 124(a)(iii) disclosure might show with entities that apply the cost model is largely illusory, since different entities acquire assets on different dates with money that has different purchasing power. The AASB previously decided that, for entities not needing to assert full compliance with IFRSs (not-for-profit entities), the benefits of applying paragraph 124(a)(iii) were less than the related costs. This is reflected in

Disclosure Requirements in AASB 138 *Intangible Assets*	**Disclosure Requirements in *IFRS for SMEs*, Section 27 *Intangible Assets other than Goodwill***	**Comments**
		paragraph Aus124.1. Therefore, paragraph 124(a)(iii) should be excluded from the Tier 2 disclosure requirements. [Note: Paragraph 124(c) is deleted as a result of issuing AASB 2011-8. The deletion will mean that the above analysis is applied to paragraphs 124(a) and 124(b) only.]

Disclosure Requirements in AASB 140 *Investment Property*	**Disclosure Requirements in IFRS for SMEs, Section 16 *Investment Property***	**Comments**
75 An entity shall disclose: **(a)** … (d) [deleted by the IASB] ~~**the methods and significant assumptions applied in determining the fair value of investment property, including a statement whether the determination of fair value was supported by market evidence or was more heavily based on other factors (which the entity shall disclose) because of the nature of the property and lack of comparable market data;**~~ **(e)** …	16.10 An entity shall disclose the following for all investment property accounted for at fair value through profit or loss (paragraph 16.7): (a) the methods and significant assumptions applied in determining the fair value of investment property. (b) the extent to which the fair value of investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued. If there has been no such valuation, that fact shall be disclosed. (c) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal. (d) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements. (e) a reconciliation between the carrying amounts of investment property at the beginning and end of the period, showing separately: (i) additions, disclosing separately those additions resulting from acquisitions through business combinations. (ii) net gains or losses from fair value adjustments. (iii) transfers to property, plant and equipment when a reliable measure of fair value is no longer available	~~The first clause of paragraph 75(d) up to 'fair value of investment property' and paragraph 16.10(a) of the IFRS for SMEs correspond. The first clause of paragraph 75(d) should be retained in the RDR.~~ ~~The remainder of paragraph 75(d) has no equivalent in the *IFRS for SMEs* and, based on the reasoning in paragraph IN3 of this Appendix, the remainder of paragraph 75(d) should be excluded from the RDR.~~ [Note: Paragraph 16.10 of the *IFRS for SMEs* is used to analyse the new disclosure requirement in paragraph 91 of AASB 13 -- see Part A of this analysis.]

Disclosure Requirements in AASB 140 *Investment Property*	**Disclosure Requirements in IFRS for SMEs, Section 16 *Investment Property***	**Comments**
	without undue cost or effort (see paragraph 16.8). (iv) transfers to and from inventories and owner-occupied property. (v) other changes. This reconciliation need not be presented for prior periods.	
78 In the exceptional cases referred to in paragraph 53, when an entity measures investment property using the cost model in AASB 116, the reconciliation required by paragraph 76 shall disclose amounts relating to that investment property separately from amounts relating to other investment property. In addition, an entity shall disclose: **(a) …** **(b) an explanation of why fair value cannot be ~~determined~~ <u>measured</u> reliably;** **(c) …**		Paragraph 78 has no equivalent in the *IFRS for SMEs* and, based on paragraph 3 of 'Tier 2 Disclosure Principles', paragraph 78 should be excluded from the Tier 2 disclosure requirements. Under the *IFRS for SMEs,* if an investment property cannot be measured at its fair value, the entity must account for it under Section 17 *Property Plant and Equipment*. Therefore the disclosures for Section 17 are used for comparison with the cost model under AASB 140. <u>[Note: As the amendments under AASB 2011-8 to paragraph 78(b) would not substantively change its disclosure requirements, paragraph 78(b) should continue to be excluded from the Tier 2 disclosure requirements.]</u>
79 In addition to the disclosures required by paragraph 75, an entity that applies the cost model in paragraph 56 shall disclose: **(a) …** **(e) the fair value of investment property. In the exceptional cases described in paragraph 53, when an entity cannot ~~determine~~ <u>measure</u> the fair value of the investment property**	17.31 An entity shall disclose the following for each class of property plant and equipment that was deemed appropriate in accordance with paragraph 4.11(a): (a) the measurement bases used for determining the gross carrying amount. (b) the depreciation methods used. (c) the useful lives or the depreciation rates	Paragraph 79(e) has no equivalent in the *IFRS for SMEs* and, based on paragraph 3 of 'Tier 2 Disclosure Principles', paragraph 79(e) should be excluded from the Tier 2 disclosure requirements. <u>[Note: The amendments made to paragraph 79(e), including subparagraph 79(e)(ii), would not</u>

Disclosure Requirements in AASB 140 *Investment Property*	Disclosure Requirements in IFRS for SMEs, Section 16 *Investment Property*	Comments
reliably, it shall disclose: **(i)** **…** **(ii)** **an explanation of why fair value cannot be ~~determined~~ <u>measured</u> reliably; and** (iii) **…**	used. (d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and the end of the reporting period. (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions. (ii) disposals. (iii) acquisitions through business combinations. (iv) transfers to investment property if a reliable measure of fair value becomes available (see paragraph 16.8). (v) impairment losses recognised or reversed in profit or loss in accordance with Section 27 [Impairment of assets]. (vi) depreciation. (vii) other changes. This reconciliation need not be presented for prior periods. 17.32 The entity shall also disclose the following: (a) the existence and carrying amounts of property, plant and equipment to which the entity has restricted title or that is pledged as security for liabilities. (b) the amount of contractual commitments for the acquisition of property, plant and equipment.	<u>substantively change the disclosure requirements. Accordingly, paragraph 79(e), including subparagraph 79(e)(ii), should continue to be excluded from the Tier 2 disclosure requirements.]</u>

Disclosure Requirements in AASB 141 *Agriculture*	Disclosure Requirements in *IFRS for SMEs*, Section 34 *Specialised Activities*	Comments
47 [Deleted by the IASB] ~~**An entity shall disclose the methods and significant assumptions applied in determining the fair value of each group of agricultural produce at the point of harvest and each group of biological assets.**~~ 48 [Deleted by the IASB] ~~**An entity shall disclose the fair value less costs to sell of agricultural produce harvested during the period, determined at the point of harvest.**~~	34.7 An entity shall disclose the following with respect to its biological assets measured at fair value: (a) a description of each class of its biological assets. (b) the methods and significant assumptions applied in determining the fair value of each category of agricultural produce at the point of harvest and each category of biological assets. (c) a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include: (i) the gain or loss arising from changes in fair value less costs to sell. (ii) increases resulting from purchases. (iii) decreases resulting from harvest. (iv) increases resulting from business combinations. (v) net exchange differences arising on the translation of financial statements into a different presentation currency, and on the translation of a foreign operation into the presentation currency of the reporting entity. (vi) other changes.	Paragraphs 41, ~~47~~, 50(a), 50(b), 50(d), 50(e), 50(f) and 50(g) and paragraphs 34.7(a), 34.7(b), 34.7(c) (i), 34.7(c)(ii), 34.7(c)(iii), 34.7(c)(iv), 34.7(c)(v) and 34.7(c)(vi)of the *IFRS for SMEs* correspond. Based on paragraph 2 of 'Tier 2 Disclosure Principles', paragraphs 41, ~~47~~, 50(a), 50(b), 50(d), 50(e), 50(f) and 50(g) should be retained in the Tier 2 disclosure requirements. Paragraph~~s~~ 40 ~~and 48~~ ~~have~~ has no equivalent~~s~~ in the *IFRS for SMEs* and, based on paragraph 3 of 'Tier 2 Disclosure Principles' should be excluded from the Tier 2 disclosure requirements.

<u>Early Application of Australian Accounting Standards – Reduced Disclosure Requirements and AASB 13 *Fair Value Measurement*</u>

The Australian Accounting Standards – Reduced Disclosure Requirements may be applied early to annual reporting periods beginning on or after 1 July 2009 but before 1 July 2013. AASB 13 may also be applied early to annual reporting periods beginning on or after 1 January 2005 but before 1 January 2013.

The early-application amendments in AASB 2011-8 to AASB 7 *Financial Instruments: Disclosures* and AASB 128 *Investments in Associates* set out below apply to all the versions of the pronouncements applicable to periods when the Australian Accounting Standards – Reduced Disclosure Requirements and AASB 13 may both be applied early.

Amendments to AASB 7 *Financial Instruments: Disclosures*

The following amendments are applicable to versions of AASB 7 that apply to annual reporting periods beginning on or after 1 July 2009 but before 1 January 2013.

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*		Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues		Comments
27	[Deleted by the IASB] ~~An entity shall disclose for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates. If there has been a change in valuation technique, the entity shall disclose that change and the reasons for making it.~~	11.43	For all financial assets and financial liabilities measured at fair value, the entity shall disclose the basis for determining fair value, e.g. quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, an entity discloses information about the assumptions relating to prepayment rates, rates of estimated credit losses, and interest rates or discount rates.	~~Paragraph 27 and paragraph 11.43 of the *IFRS for SMEs* correspond, except that paragraph 27 requires disclosure for each class of financial instruments whilst paragraph 11.43 requires disclosure on an aggregated basis for all financial assets and liabilities. Therefore based on paragraph 3 of the 'Tier 2 Disclosure Principles', paragraph 27 should be excluded from the Tier 2 disclosure requirements and replaced with an RDR paragraph that requires disclosure on an aggregated basis.~~ <u>[Note: Paragraph 11.43 of the *IFRS for SMEs* is used to analyse the new disclosure requirement in paragraph 91 of AASB 13 -- see Part A of this analysis.]</u>

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues	Comments
27A [Deleted by the IASB] ~~To make the disclosures required by paragraph 27B an entity shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:~~ ~~(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);~~ ~~(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and~~ ~~(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).~~ ~~The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.~~ ~~27B For fair value measurements recognised in the statement of financial position an entity shall disclose for each class of financial instruments:~~ ~~(a) the level in the fair value hierarchy into which~~		~~Paragraphs 27A and 27B have no equivalent in the *IFRS for SMEs* and, based on the reasoning in paragraph IN3 of this Appendix, should be excluded from the RDR.~~

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues	Comments
~~the fair value measurements are categorised in their entirety, segregating fair value measurements in accordance with the levels defined in paragraph 27A.~~ ~~(b) any significant transfers between Level 1 and Level 2 of the fair value hierarchy and the reasons for those transfers. Transfers into each level shall be disclosed and discussed separately from transfers out of each level. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities.~~ ~~(c) for fair value measurements in Level 3 of the fair value hierarchy, a reconciliation from the beginning balances to the ending balances, disclosing separately changes during the period attributable to the following:~~ ~~(i) total gains or losses for the period recognised in profit or loss, and a description of where they are presented in the statement of comprehensive income or the separate income statement (if presented);~~ ~~(ii) total gains or losses recognised in other comprehensive income;~~ ~~(iii) purchases, sales, issues and settlements (each type of movement disclosed separately); and~~ ~~(iv) transfers into or out of Level 3 (e.g. transfers attributable to changes in the observability of market data) and the reasons for those transfers. For significant transfers, transfers into Level 3 shall be disclosed and~~		

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues	Comments
~~discussed separately from transfers out of Level 3.~~ ~~(d) the amount of total gains or losses for the period in (c)(i) above included in profit or loss that are attributable to gains or losses relating to those assets and liabilities held at the end of the reporting period and a description of where those gains or losses are presented in the statement of comprehensive income or the separate income statement (if presented).~~ ~~(e) for fair value measurements in Level 3, if changing one or more of the inputs to reasonably possible alternative assumptions would change fair value significantly, the entity shall state that fact and disclose the effect of those changes. The entity shall disclose how the effect of a change to a reasonably possible alternative assumption was calculated. For this purpose, significance shall be judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognised in other comprehensive income, total equity.~~ ~~An entity shall present the quantitative disclosures required by this paragraph in tabular format unless another format is more appropriate.~~		
28 ~~If the market for a financial instrument is not active, an entity establishes its fair value using a valuation technique (see paragraphs AG74–AG79 of AASB 139). Nevertheless, the best evidence of fair value at initial recognition is the transaction price (ie the fair value of the consideration given or received), unless conditions described in paragraph AG76 of AASB 139 are met. It follows that there could be a difference between the fair~~		~~The first three sentences of paragraph 28 are in the nature of guidance and should be retained in the RDR based on the reasoning in paragraph N7 of this Appendix.~~ ~~The fourth sentence in paragraph 28 beginning 'If such a difference exists…'~~

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues	Comments
~~value at initial recognition and the amount that would be determined at that date using the valuation technique. If such a difference exists, an entity shall disclose, by class of financial instrument:~~ In some cases, an entity does not recognise a gain or loss on initial recognition of a financial asset or financial liability because the fair value is neither evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) nor based on a valuation technique that uses only data from observable markets (see paragraph AG76 of AASB 139). In such cases, the entity shall disclose by class of financial asset or financial liability: (a) its accounting policy for recognising in profit or loss the ~~that~~ difference between the fair value at initial recognition and the transaction price ~~in profit or loss~~ to reflect a change in factors (including time) that market participants would ~~consider in setting a price~~ take into account when pricing the asset or liability (see paragraph ~~AG76A~~ AG76(b) of AASB 139).~~;~~ ~~and~~ (b) ... (c) why the entity concluded that the transaction price was not the best evidence of fair value, including a description of the evidence that supports the fair value.		~~has no equivalent in the IFRS for SMEs and, based on the reasoning in paragraph IN3 of this Appendix, should be excluded from the RDR.~~ The first sentence added to paragraph 28 as a result of AASB 2011-8 is in the nature of contextual guidance and should be retained in the Tier 2 disclosure requirements based on paragraph 7 of 'Tier 2 Disclosure Principles'. The amendments under AASB 2011-8 would not substantively change the disclosure requirements in paragraph 28(a), and since it has no equivalent in the *IFRS for SMEs,* based on paragraph 3 of 'Tier 2 Disclosure Principles', the second sentence added to paragraph 28 and paragraph 28(a) should be excluded from the Tier 2 disclosure requirements. The disclosure required in paragraph 28(c) relates to the accounting policy disclosure required in paragraph 28(a), which is excluded from Tier 2 disclosure requirements, therefore paragraph 28(c) should be excluded from the Tier 2 disclosure requirements.
29 Disclosures of fair value are not required: (a) … (b) for an investment in equity instruments that do not have a quoted ~~market~~ price in an active		Paragraph 29 is in the nature of contextual guidance and should be retained in the Tier 2 disclosure requirements based on paragraph 7 of 'Tier 2 Disclosure

Disclosure Requirements in AASB 7 *Financial Instruments: Disclosures*	**Disclosure Requirements in IFRS for SMEs, Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues**	**Comments**
market for an identical instrument (i.e. a Level 1 input), or derivatives linked to such equity instruments, that is measured at cost in accordance with AASB 139 because its fair value cannot otherwise be measured reliably; or (c) …		Principles'. [Note: The amendments under AASB 2011-8 would not substantively change the nature of the guidance in paragraph 29(b) of AASB 7. Based on paragraph 7 of 'Tier 2 Disclosure Principles', paragraph 29(b) should continue to be retained in the Tier 2 disclosure requirements.]

Amendments to AASB 128 *Investments in Associates*

The following amendments are applicable to versions of AASB 128 that apply to annual reporting periods beginning on or after 1 July 2009 but before 1 January 2013.

Disclosure requirements in AASB 128 *Investments in Associates*	Disclosure Requirements in *IFRS for SMEs*, Section 14 *Investments in Associates*	Comments
37 The following disclosures shall be made: **(a) the fair value of investments in associates for which there are ~~published price quotations~~ quoted market prices;** **(b) …**	14.12 An investor in an associate shall disclose the following: ... (c) the fair value of investments in associates accounted for using the equity method for which there are published price quotations.	Paragraphs 37(a) and paragraph 14.12(c) of the *IFRS for SMEs* correspond. Based on paragraph 2 of 'Tier 2 Disclosure Principles', paragraph 37(a) should be retained in the Tier 2 disclosure requirements. [Note: Because the amendments under AASB 2011-8 would not substantively change the disclosure requirement in paragraph 37(a), paragraph 37(a) should continue to be retained in the Tier 2 disclosure requirements.] ~~Paragraphs 37(b), 37(c), 37(d), 37(e) , 37(f), 37(g), 37(h) and 37(i) have no equivalent in the *IFRS for SMEs* and should be excluded from the Tier 2 disclosure requirements based on paragraph 3 of 'Tier 2 Disclosure Principles'.~~