Revised Differential Reporting Framework

Comment period yet to be specified (refer to inside cover)
Commenting on the Exposure Draft

The AASB is not yet seeking comments on the proposals in this draft Exposure draft. This draft is being provided now to keep constituents informed of how the Boards’ Differential Reporting project is developing.

In due course, constituents will be requested to comment to the AASB on the proposals to be set out in the final Exposure Draft.

The draft components of this Exposure Draft have been posted on the AASB website in different stages and will be updated periodically. The AASB issued its Consultation Paper Differential Financial Reporting – Reducing Disclosure Requirements on 4 December 2009. This draft Exposure Draft and that Consultation Paper should be read in conjunction with each other.

The closing date for comments on the Consultation Paper and Exposure Draft will be announced once all the components of the Exposure Draft, prepared initially as staff drafts, have been posted on the AASB website and the AASB has confirmed them. This is planned to occur in early February. A minimum two-month comment period is envisaged from that date.

Once the Consultation Paper and the Exposure Draft are open for comment, comments should be addressed to:

The Chairman
Australian Accounting Standards Board
PO Box 204
Collins Street West  Victoria  8007
AUSTRALIA
E-mail: standard@aasb.gov.au

All submissions on possible, proposed or existing financial reporting requirements, or on the standard-setting process, will be placed on the public record unless the Chairman of the AASB agrees to those submissions being treated as confidential. The latter will only occur if the public interest warrants such treatment.
Obtaining a Copy of this Exposure Draft

The components of this draft Exposure Draft will be made available on the AASB website (www.aasb.gov.au.) progressively and may be amended from time to time until the final version of the Exposure Draft is issued.

Other Enquiries

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PREFACE

AASB EXPOSURE DRAFT: REVISED DIFFERENTIAL REPORTING FRAMEWORK

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The Revised Differential Reporting Framework is set out in paragraphs 1-28 and Appendices A and B. All the paragraphs have equal authority. Paragraphs in bold type state the main principles. The Revised Differential Reporting Framework is to be read in the context of other Australian Accounting Standards, including AASB 1048 Interpretation and Application of Standards, which identifies the Australian Accounting Interpretations. In the absence of explicit guidance, AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors provides a basis for selecting and applying accounting policies.
PREFACE

Background

Australian Accounting Standards

The Australian Accounting Standards Board (AASB) makes Australian Accounting Standards, including Interpretations, to be applied to general purpose financial statements (GPFSs):

The current Australian Accounting Standards incorporate International Financial Reporting Standards (IFRSs), including Interpretations, issued by the International Accounting Standards Board (IASB), with the addition of paragraphs on the applicability of each Standard in the Australian environment.

The current Australian Accounting Standards also include requirements that are specific to Australian entities. These requirements may be located in Australian Accounting Standards that incorporate IFRSs or in other Australian Accounting Standards. In most instances, these requirements are either restricted to the not-for-profit private or public sectors or include additional disclosures that address domestic, regulatory or other issues.

In developing requirements for public sector entities, the AASB considers the requirements of International Public Sector Accounting Standards (IPSASs), as issued by the International Public Sector Accounting Standards Board (IPSASB) of the International Federation of Accountants.

The current Australian Accounting Standards are referred to in this Exposure Draft as ‘full IFRSs as adopted in Australia’ to distinguish them from the Reduced Disclosure Regime (RDR) that would constitute the second tier of GPFS reporting requirements that is proposed in the AASB Consultation Paper Differential Financial Reporting – Reducing Disclosure Requirements (issued 4 December 2009) and this Exposure Draft. With the establishment of the RDR, Australian Accounting Standards would consist of two tiers of reporting requirements for preparing GPFSs:

(a) Tier 1: full IFRSs as adopted in Australia; and
(b) Tier 2: RDR.

Private sector for-profit entities complying with Tier 1 would simultaneously comply with IFRSs. Many other entities complying with Tier 1 would also simultaneously comply with IFRSs.
Exposure Drafts

The publication of an Exposure Draft is part of the due process that the AASB follows before making a new or amending an existing Australian Accounting Standard or other pronouncement. Exposure Drafts are designed to seek public comment on the AASB’s proposals for new Australian Accounting Standards or other pronouncements or amendments to existing Australian Accounting Standards or other pronouncements.

Consultation Process

The AASB Consultation Paper *Differential Financial Reporting – Reducing Disclosure Requirements* released on 4 December 2009 notes:

“In releasing this Consultation Paper, the AASB is taking the approach of exposing a proposed reduced disclosure regime for comment and, as soon as possible afterwards, a forthcoming Exposure Draft showing how the regime is intended to apply. If the proposed regime is adopted, the AASB would hope to be able to issue a final pronouncement before the end of June 2010 and to allow early adoption. It is the prospect of early application that is driving this consultation approach. However, it must be stressed that the AASB is open to alternative views. If the consultation process leads to an alternative approach, it may be that more due process will be needed and a different time scale adopted.”

Draft components of this Exposure Draft have been progressively posted on the AASB website during December 2009 and January 2010, to provide constituents with information about the proposed RDR and other matters when commenting on the AASB Consultation Paper. Accordingly, this Exposure Draft and the AASB Consultation Paper should be read in conjunction with each other.

Reasons for Issuing this Exposure Draft

This Exposure Draft is a further step in the ongoing consultation process on a proposed revised differential reporting framework that the Board commenced in 2007. The purpose of this Exposure Draft is to invite comment from constituents on a proposed revised differential reporting framework that, as noted above, would include the RDR as a second tier of reporting requirements for preparing GPFSs. The first tier is full IFRSs as adopted in Australia.

As the next step in the process, this Exposure Draft is expected to result in a pronouncement:

ED 1XX
(a) specifying, using a Standard as the vehicle, the application of Tier 1 and Tier 2 GPFS reporting requirements; and

(b) setting out, at a standards level, the disclosure requirements under Tier 2 (RDR).

This Exposure Draft is expected to also result in amendments to the AASB Conceptual Framework, in particular SAC 1 Definition of the Reporting Entity and SAC 2 Objective of General Purpose Financial Reporting in relation to the role of the reporting entity concept and the meaning of GPFS in an Australian context. Such amendments would be considered, in due course, in conjunction with other amendments arising from the IASB’s revised Conceptual Framework and the IPSASB Conceptual Framework.

This Exposure Draft does not propose precise wording for the pronouncements or amendments to existing pronouncements. Rather it establishes the basis upon which future pronouncements would be drafted to implement the proposals in the Exposure Draft.

**Consultation to Date**

(a) **ITC 12 (May 2007)**


ITC 12 proposed that public accountable for-profit private sector entities as defined by the IASB should apply full IFRSs as adopted in Australia and that non-publicly accountable for-profit private sector entities that exceed nominated size thresholds should also apply full IFRSs as adopted in Australia. In relation to not-for-profit private and public sector entities, size thresholds were proposed to identify entities that should apply full IFRSs as adopted in Australia and those that should apply a second tier of GPFS reporting requirements such as the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

In general, constituents’ responses to ITC 12 did not favour the use of quantitative thresholds for determining which entities could apply either full IFRSs as adopted in Australia or the IFRS for SMEs on the basis that setting those thresholds is likely to be an arbitrary exercise with no conceptual basis.

There was support for using public accountability as defined by the IASB as a distinguishing factor for the for-profit private sector. Applying a similar concept in the not-for-profit public sector and not-for-profit private sector was seen as being problematic since all types of entities in those sectors are
often considered to have public accountability in the general sense of that term.

ITC 12 also sought to clarify the meaning of GPFSs in an Australian context and proposed that financial reports on a public register or otherwise made available to the public at large should be regarded as GPFSs. Constituents generally commented that a key feature of GPFSs is the existence of dependent users.

(b) Consultation Paper (December 2009)

The AASB issued a Consultation Paper titled *Differential Financial Reporting - Reduced Disclosure Requirements* on 4 December 2009. The Consultation Paper proposes a RDR as a second tier of GPFS reporting requirements instead of the IFRS for SMEs that was proposed under ITC 12. The RDR involves recognition and measurement requirements of full IFRSs, as already adopted in Australia, with disclosures substantially reduced compared with those that would be required under full IFRSs as adopted in Australia.

The AASB Consultation Paper includes background material on the RDR. It sets out why the proposed RDR is more appropriate, at least at this time, than the IFRS for SMEs for the Australian environment on cost-benefit and user needs grounds and in view of the transaction neutrality policy applicable between the private and public sectors in Australian Accounting Standards. However, the proposed RDR uses the principles used by the IASB, when preparing IFRS for SMEs, in determining the proposed reductions in disclosures.

This Exposure Draft should be read in conjunction with the AASB Consultation Paper because the Consultation Paper provides further background information on the RDR. Also this Exposure Draft contains proposed disclosures under a RDR, which would help constituents in assessing the appropriateness of such a regime when commenting on the Consultation Paper proposals.
Main Features of this Exposure Draft

This Exposure Draft proposes:

(a) a revised differential reporting framework consisting of two tiers of reporting requirements for preparing GPFSs:

   Tier 1: full IFRSs as adopted in Australia; and
   Tier 2: the RDR;

(b) disclosures required under Tier 2;

(c) that publicly accountable for-profit private sector entities should apply Tier 1, but non-publicly accountable for-profit private sector entities have a choice of applying Tier 2;

(d) that not-for-profit private sector entities should have a choice of applying Tier 2, unless relevant regulators require the application of Tier 1;

(e) that public sector entities should have a choice of applying Tier 2, subject to the requirements of relevant public sector entity regulators, except:
   (i) Federal, State and Territory Governments;
   (ii) Local Governments; and
   (iii) Universities, who should apply Tier 1;

(f) a definition of ‘public accountability’ based on the IASB’s definition, supplemented with additional examples of publicly accountable entities from an Australian perspective;

(g) a clarification of the meaning of GPFSs and modifying the way the reporting entity concept is used; and

(h) transitional provisions for entities applying Tier 2 and moving between Tiers.

Application Date

It is proposed that the pronouncement(s) arising from this Exposure Draft be applicable to annual reporting periods beginning on or after 1 July 2010. It is proposed that early adoption of the reporting requirements be permitted.
GAAP/GFS Implications

AASB 1049 *Whole of Government and General Government Sector Financial Reporting* is designed to apply to whole of governments and GGSs at federal, state and territory levels, which are entities that would apply Tier 1 under the proposals in the Consultation Paper and this Exposure Draft.

The implications of the proposals in this Exposure Draft for AASB 1049 will be considered once the comments on the proposals in this Exposure Draft have been considered. For example, the implications for paragraph BC6 of AASB 1049, will be considered in due course, it states:

“The Board concluded that it is not necessary to specify whether the GGS is a reporting entity and whether the GGS financial report prepared in accordance with the Standard is a general purpose financial report (GPFR) because the Standard itself prescribes the particular requirements for the scope of the GGS and the form and content of the GGS financial report.”

Accordingly AASB 1049 is silent on whether GGS financial statements that do not consolidate government controlled entities that are located outside the GGS are GPFSs. ED 142 *Financial Reporting of General Government Sectors by Governments*, a precursor to AASB 1049, proposed to treat GGS financial statements that do not consolidate controlled entities that are located outside the GGS as GPFSs. The Preface to ED 142 notes: “The AASB intends that, if the Exposure Draft’s proposals are adopted, they would be considered by the Board in its review of the definitions of ‘reporting entity’ and ‘general purpose financial report’ in the Conceptual Framework.”

Request for Comments

The AASB would prefer that respondents express a clear overall opinion on whether the proposals, as a whole, are supported and that this opinion be supplemented by detailed comments, whether supportive or critical on the major issues. The AASB regards supportive and critical comments as essential to a balanced review of the issues and will consider all submissions, whether they address all specific matters, additional issues or only one issue.

Specific Matters for Comment

The AASB would prefer that respondents supplement their opinions with detailed comments, whether supportive or critical. The AASB would particularly value comments on:
(a) whether the RDR (Tier 2), as set out in this Exposure Draft, would be effective in reducing sufficiently the disclosure burden on entities in preparing their GPFSs and whether it would be justifiable in so doing;

(b) the extent and nature of the proposed disclosures under the RDR (Tier 2);

(c) the basis on which the RDR is made available as a choice to certain Australian entities, that is:
   (i) for-profit private sector entities that are not publicly accountable;
   (ii) all not-for-profit private sector entities, unless a relevant regulator requires application of Tier 1; and
   (iii) public sector entities, other than those required by the AASB to apply Tier 1 (being Federal, State and Territory Governments; Local Governments; and Universities), subject to the requirements of relevant public sector entity regulators;

(d) the definition of public accountability and whether there are other categories of entities in the Australian environment that should be included as examples of publicly accountable entities in the definition;

(e) the clarification provided on the meaning of GPFSs and modification of the use of reporting entity concept;

(f) transitional provisions for entities choosing to apply Tier 2 requirements and for movements between Tier 1 and Tier 2;

(g) whether, overall, the proposals would result in GPFSs that would be useful to users; and

(h) whether the proposals are in the best interest of the Australian economy.
Objective

1. The objective of this pronouncement is to establish a revised differential reporting framework that includes a Reduced Disclosure Regime (RDR) as a second tier of GPFS reporting requirements. This pronouncement establishes a two tier reporting framework for preparing GPFSs:

   Tier 1: full IFRSs as adopted in Australia; and

   Tier 2: the RDR.

Application

2. The RDR shall apply to annual reporting periods beginning on or after 1 July 2010. Early adoption of the RDR is permitted.

3. The requirements of the RDR would apply to the financial statements where information resulting from their application would not be inconsistent with AASB 1031 Materiality.

Scope

4. The following entities shall apply Tier 1:

   (a) Publicly accountable for-profit entities in the private sector; and

   (b) Federal, State and Territory Governments; Local Governments; and Universities in the public sector.

5. Entities that are eligible to apply Tier 2 (RDR) are:

   (a) for-profit private sector entities that are not publicly accountable;

   (b) all not-for-profit private sector entities unless a relevant regulator requires application of Tier 1; and
(c) public sector entities other than those required by paragraph 4(b) to apply Tier 1, unless a relevant public sector entity regulator requires application of Tier 1.

Public accountability

6 Public accountability is defined in Appendix A. The notion of public accountability is consistent with the notion adopted by the IASB in its International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). This notion is different from the notion of public accountability in the general sense of the term that is often employed in relation to not-for-profit entities.

7 To clarify the application of the IASB notion of public accountability in an Australian context, the following are additional examples of publicly accountable entities:

(a) registered managed investment schemes;
(b) entities whose equity can be bought and sold through the entity (such as some cooperatives); and
(c) disclosing entities, even if their debt or equity instruments are not traded in a public market or are not in the process of issuing such instruments for trading in a public market.

General Purpose Financial Statements

8 GPFSs are defined in Appendix A. In the following circumstances financial statements are GPFSs:

(a) where they are held out to be prepared in accordance with Australian Accounting Standards, or held out to be GPFSs; or
(b) where they are made publicly available, whether under a legal mandate or voluntarily, and are required under a legal mandate to be prepared in accordance with Australian Accounting Standards or to be GPFSs.

9 The phrase ‘Australian Accounting Standards’ in paragraph 8 is taken to be a reference to Tier 1 GPFS reporting requirements (full IFRSs as adopted in Australia) or Tier 2 GPFS reporting requirements (the RDR) or other reporting regimes that are devised by the AASB for the preparation of GPFSs.
As defined in Appendix A, the phrase ‘preparation in accordance with Australian Accounting Standards’ means the application of all Accounting Standards in a particular Tier and not a subset of them. Selective or partial use of accounting standards results in financial statements that are not GPFSs.

Financial statements required to be prepared under a legal mandate in accordance with Australian Accounting Standards and lodged on a public register, such as that of the Australian Securities and Investments Commission (ASIC), are GPFSs.

There is an expectation that financial statements held out to be GPFSs would be relied upon by users to make economic decisions, and should, therefore, be the subject of a high level of reporting requirements. Accordingly, whether an entity is large or small, if it holds out financial statements to be GPFSs, its financial statements should faithfully report what is expected to be reported in GPFSs.

Special purpose financial statements

Financial statements that are not GPFSs are special purpose financial statements (SPFSs) and would not fall within the ambit of Australian Accounting Standards. SPFSs are prepared only for use by users who can command financial information to satisfy their specific needs. It is those users, rather than the AASB, who identify relevant reporting requirements for preparing SPFSs.

The Role of the Reporting Entity Concept

Currently the reporting entity concept is used conceptually to identify when an entity should prepare GPFSs and to circumscribe the boundaries of that entity. It is also currently employed operationally in application clauses of Australian Accounting Standards for differential reporting purposes in Australia. Under existing requirements, reporting entities must apply all Australian Accounting Standards and non-reporting entities may apply a subset of them. Under the revised differential reporting framework, the reporting entity concept would no longer be used to operationalise differential reporting and the focus of application of Australian Accounting Standards (whether Tier 1 or Tier 2) would move from ‘reporting entity’ to ‘GPFSs’.

1 AASB 101 Presentation of Financial Statements, AASB 107 Statement of Cash Flows, and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors apply to each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act regardless of whether the entity is a reporting entity.
The AASB retains the reporting entity concept as the underpinning concept for GPFS requirements and will continue to use it as the basis for its own deliberations in the future. The reporting entity concept is expected to be used as a benchmark by other regulators in identifying entities that should prepare GPFSs (whether Tier 1 or Tier 2) and those that need not.

All reporting entities are required to prepare GPFSs. With the introduction of the RDR as Tier 2 GPFS reporting requirements, reporting entities listed in paragraph 5 of this Exposure Draft would be able to prepare GPFSs under this regime. However, not all entities preparing GPFSs would necessarily be reporting entities. Non-reporting entities may be required to prepare GPFSs under a legal mandate, or by virtue of holding out their financial statements as GPFSs, or holding them out as having been prepared in accordance with Australian Accounting Standards.

Amendments to AASB Conceptual Framework

The changes in the application of the reporting entity concept noted in paragraphs 14 to 16 and clarification of the meaning of GPFSs set out in paragraphs 8 to 12 would have implications for the AASB Conceptual Framework. In particular, SAC 1 Definition of the Reporting Entity and SAC 2 The Objective of General Purpose Financial Reporting would need to be amended as a result of proposals in this Exposure Draft. Such amendments, together with other possible amendments to the AASB Conceptual Framework arising from the revised IASB Conceptual Framework and the IPSASB Conceptual Framework, will be made in due course.

The Reduced Disclosure Regime

Eligible entities

Paragraph 5 of this Exposure Draft lists the entities who are eligible to apply Tier 2 in preparing their GPFSs.

In relation to not-for-profit entities, the RDR includes, where relevant, current general not-for-profit modifications introduced in adopting full IFRSs in Australia. The AASB is undertaking a separate project on disclosures by not-for-profit private sector entities. The Standard arising from that project will be applicable to not-for-profit entities that apply Tier 1. The RDR will be updated for the disclosures required by that Standard, having regard to the principles used to reduce disclosures under the RDR, if applicable.
20 In relation to the public sector, as noted in paragraph 4, some entities are specifically required to apply Tier 1 requirements. As this Exposure Draft evolves, the Board may decide to broaden the categories of public sector entities subject to Tier 1 pending its deliberations on responses to its Consultation Paper issued on 4 December 2009.

Disclosures under the Reduced Disclosure Regime

21 The AASB has used the following approach to determine disclosures under the RDR:

(a) drawing on the IFRS for SMEs to identify disclosures in cases where the recognition and measurement accounting policy options available under the proposed RDR align with those available under the IFRS for SMEs; and

(b) applying the ‘user need’ and ‘cost-benefit’ principles (that is, the same principles used by the IASB in determining disclosures under the IFRS for SMEs) to arrive at reduced disclosure requirements in cases where the recognition and measurement accounting policy options under the RDR differ from those under the IFRS for SMEs.

22 Disclosures under the RDR are the minimum disclosures required to be included in GPFSs. Entities would include additional disclosures using disclosures in full IFRSs as adopted in Australia as a guide, if in their judgement, such additional disclosures are consistent with the objective of GPFSs.

23 Appendix B to this Exposure draft contains the proposed disclosures under the RDR.

Transitional provisions

24 Entities that are not currently preparing GPFSs would be required to follow AASB 1 First-time Adoption of Australian Accounting Standards to transition to the RDR.

25 An entity transitioning from Tier 1 to Tier 2 requirements does not need to restate prior year disclosures.

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2 Alternative approaches to determining disclosures under the Reduced Disclosure Regime are considered in the AASB Consultation Paper, Appendix 3.

3 The AASB will consider in due course whether simplification of AASB 1 is necessary to suit entities adopting the Reduced Disclosure Regime for the first time.

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An entity transitioning from Tier 2 to Tier 1 must restate prior year disclosures to be IFRS compliant.

An entity’s first financial statements under Tier 2 are the first annual financial statements in which the entity adopts the RDR, by an explicit and unreserved statement in those financial statements of compliance with the Tier 2 requirements of Australian Accounting Standards for GPFS.

Summary of revised differential reporting framework

The table below summarises the AASB’s revised differential reporting framework.

<table>
<thead>
<tr>
<th>Sector</th>
<th>For-profit Private</th>
<th>Not-for-profit private</th>
<th>For-profit and Not-for-profit public</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tier 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full IFRSs as adopted in Australia</td>
<td>Publicly accountable (per IASB definition, with additional examples of publicly accountable entities in the Australian context)</td>
<td>All NFP private sector entities have a choice of applying Tier 2 requirements unless the relevant regulator requires application of full IFRSs as adopted in Australia</td>
<td>Federal, State and Territory Governments, Local Governments, and Universities*</td>
</tr>
<tr>
<td><strong>Tier 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduced Disclosure Regime</td>
<td>Not-publicly accountable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(entities may choose to apply full IFRSs as adopted in Australia)</td>
<td></td>
<td></td>
<td>Entities other than Tier 1 entities noted above, subject to the requirements of relevant public sector entity regulators</td>
</tr>
</tbody>
</table>

(*) The AASB may decide to broaden the categories of public sector entities that will be subject to Tier 1, pending the deliberation of constituents’ comments on its Consultation Paper proposals.
APPENDIX A

DEFINED TERMS

This appendix is an integral part of the pronouncement arising from this Exposure Draft.

<table>
<thead>
<tr>
<th><strong>General purpose financial statements</strong></th>
<th>Financial statements intended to meet the needs of users who are not in a position to require an entity to prepare reports tailored to their particular information needs. [AASB 101-unamended]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preparation in accordance with Australian Accounting Standards</strong></td>
<td>Application of all Australian Accounting Standards in a particular Tier and not a subset of them.</td>
</tr>
<tr>
<td><strong>Public accountability</strong></td>
<td>Accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs. [IFRS for SMEs Glossary- unamended]</td>
</tr>
<tr>
<td></td>
<td>An entity has public accountability if:</td>
</tr>
<tr>
<td></td>
<td>(a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets), or</td>
</tr>
<tr>
<td></td>
<td>(b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds/registered managed investment schemes, investment banks, entities whose equity can be bought and sold through the entity (such as some cooperatives), and disclosing entities other than those falling under (a) above,</td>
</tr>
<tr>
<td>Reporting entity</td>
<td>An entity in respect of which it is reasonable to expect the existence of users who rely on the entity’s general purpose financial statements for information that will be useful to them for making and evaluating decisions about the allocation of resources. A reporting entity can be a single entity or a group comprising a parent and all of its subsidiaries. [AASB 101, unamended]</td>
</tr>
</tbody>
</table>

[IFRS for SMEs Glossary with additional examples from the Australian context underlined]
APPENDIX B

PROPOSED DISCLOSURES UNDER THE REDUCED DISCLOSURE REGIME

This appendix is an integral part of the pronouncement arising from this Exposure Draft.