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Australian Accounting Standards Board  
PO Box 204  
Collins Street West  
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24 May 2017

Dear Kris

### **Invitation to comment on ED 277 *Disclosure Requirements for Tier 2 Entities***

We welcome this opportunity to comment on the proposals for revised reduced disclosures for Tier 2 entities. As one of Australia's leading professional services firms, we are well placed to share our perspectives on these important issues. We are committed to positively contributing to the Australian community and supporting and enabling initiatives that will strengthen the future prosperity of our country.

PwC supports the Board's plan to clarify and simplify the Australian financial reporting framework. The above ED is an essential part of this project. It is therefore important the AASB provides a reduced disclosure regime which is an acceptable alternative framework. It needs to be based on sound principles of disclosures and strike the right balance between necessary information and avoidance of information overload.

We believe the new reduced disclosure requirements (RDR) decision-making framework and operational guidance is appropriate in this context. We also agree with the key disclosure areas (KDAs) identified by the AASB and NZASB.

However, we are concerned the proposals as drafted in ED 277 will not result in any significant reduction of disclosures for most entities compared to the current RDR requirements, and could even result in increased disclosures.

The decision-making framework is based on a rebuttable presumption that the benefits of providing the disclosures will exceed the costs for any of the identified KDAs. Having said that, it does also give the standard setters the ability to override this presumption where specific additional disclosures would provide only little incremental benefits to users (paragraph 13). We encourage the Boards to review whether there are more areas where this override could be applied, and have identified potential items in the attached marked up PDF of the analysis of the application of the RDR decision-making framework to the disclosures in the individual accounting standards.

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In addition, we recommend field testing the new disclosures to confirm whether the disclosures proposed in ED 277 will result in financial statements that provide the right level of information for the intended users. For this purpose we suggest using at least one entity of each of the following types:

- Large proprietary company - Australian owned
- Large proprietary company - subsidiary of foreign multinational group that is a 'significant global entity' as defined in the tax legislation
- Small foreign controlled proprietary company
- Grandfathered proprietary company that is not currently required to lodge financial reports with ASIC
- Medium or large entity that is registered as charity with the Australian Charities and Not-for-profit Commission (ACNC)
- Not-for-profit public sector entity that is currently reporting under tier 2 of the RDR

Our detailed feedback on the proposed revised reduced disclosures is marked up in the attachments to this submission. We would welcome the opportunity to discuss our views further. Please contact me on (02) 8266 8350 or [regina.fikkers@pwc.com](mailto:regina.fikkers@pwc.com) or Meina Rose on (02) 8266 2341 ([meina.rose@pwc.com](mailto:meina.rose@pwc.com))

Kind Regards

A handwritten signature in black ink that reads 'Regina Fikkers'.

Regina Fikkers  
Regulatory Affairs Leader  
Accounting Advisory Partner

Attachments:

*ED 277 Reduced Disclosure Requirements for Tier 2 Entities - with marked up comments*  
*Application of proposed RDR decision-making framework in AASB ED 277 - with marked up comments*

# **Reduced Disclosure Requirements for Tier 2 Entities**

Comments to the AASB by 26 May 2017



**Australian Government**

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**Australian Accounting  
Standards Board**

## **How to comment on this AASB Exposure Draft**

Comments on this Exposure Draft are requested by 26 May 2017.

### **Formal Submissions**

Submissions should be lodged online via the “Work in Progress – Open for Comment” page of the AASB website ([www.aasb.gov.au/comment](http://www.aasb.gov.au/comment)) as a PDF document and, if possible, a Word document (for internal use only).

### **Other Feedback**

Other feedback is welcomed and may be provided via the following methods:

E-mail: [standard@aaasb.gov.au](mailto:standard@aaasb.gov.au)

Phone: (03) 9617 7600

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 Chair of the AASB agrees to submissions being treated as confidential. The latter will occur only if the public interest warrants such treatment.

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# PREFACE

## Introduction

### Australian Accounting Standards

The Australian Accounting Standards Board (AASB) makes Australian Accounting Standards, including Interpretations, to be applied by:

- (a) entities required by the *Corporations Act 2001* to prepare financial reports;
- (b) governments in preparing financial statements for the whole of government and the General Government Sector (GGS); and
- (c) entities in the private or public for-profit or not-for-profit sectors that are reporting entities or that prepare general purpose financial statements.

AASB 1057 *Application of Australian Accounting Standards* identifies the application of Standards to entities and financial statements. AASB 1053 *Application of Tiers of Australian Accounting Standards* establishes a differential reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements:

- (a) Tier 1: Australian Accounting Standards; and
- (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 1 requirements 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.

Publicly accountable for-profit private sector entities are required to adopt Tier 1 requirements, and therefore are required to comply with IFRSs. Furthermore, other for-profit private sector entities complying with Tier 1 requirements will simultaneously comply with IFRSs. Some other entities complying with Tier 1 requirements will also simultaneously comply with IFRSs.

Tier 2 requirements comprise the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements in comparison with Tier 1.

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 or public sectors or include additional disclosures that address domestic, regulatory or other issues. These requirements do not prevent publicly accountable for-profit private sector entities from complying with IFRSs. 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.

### Exposure Drafts

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

### What we are proposing

This ED proposes:

- (a) a new set of principles to be used in determining the level of Tier 2 disclosures that are necessary for meeting user needs. The principles are expressed in a policy statement that includes a Reduced Disclosure Requirements (RDR) decision-making framework and operational guidance;
- (b) Tier 2 disclosure requirements that are the result of applying those principles; and
- (c) a new approach to presenting in the Australian Accounting Standards the Tier 2 disclosures. Each Australian Accounting Standard and Interpretation that contains disclosure requirements will have an appendix that contains the Tier 2 disclosures for that pronouncement.

The ED does not change which entities are permitted to report in accordance with Tier 2 accounting requirements and does not change the recognition and measurement requirements applying to Tier 2 entities.

The AASB has been able to address the topic of Tier 2 disclosures as a self-contained topic. However, it is also a part of the AASB's larger project to assist in simplifying and improving the financial reporting framework in Australia and which includes the level of disclosures required of entities that prepare general purpose financial statements.

This ED is the outcome of a joint project of the AASB and the New Zealand Accounting Standards Board (NZASB)<sup>1</sup> and:

- (a) is intended to result in a more robust approach to determining disclosure requirements for Tier 2 entities,<sup>2</sup> with a clearer focus on user needs; and
- (b) is being undertaken jointly with the NZASB to maintain trans-Tasman harmonisation<sup>3</sup> for Tier 2 entities.

It is intended that the principles, the RDR decision-making framework and its operational guidance, when finalised, will form a joint AASB/NZASB Policy Statement to be used for determining disclosure requirements for Tier 2 entities. The joint Policy Statement would replace the current approach to determining Tier 2 disclosures and the [draft] joint Policy Statement is reproduced in this ED.

Although the AASB and the NZASB have undertaken this project jointly, there are some differences in the Australian and New Zealand financial reporting frameworks, which each Board considered when developing the proposals. This has resulted in some differences in how the AASB and the NZASB are proposing to present the disclosure requirements for Tier 2 entities. However, notwithstanding those differences, in practice, it is expected that a Tier 2 for-profit entity applying the Australian Tier 2 requirements would provide substantially the same disclosures as it would have done if it had instead applied the New Zealand Tier 2 requirements.

The approach currently used by the AASB to identify Tier 2 disclosures is by shading in Australian Accounting Standards and Interpretations the disclosures that are not required for Tier 2 entities. This ED proposes a different approach. For each Australian Accounting Standard or Interpretation that contains disclosure requirements, the required Tier 2 disclosures relevant to a particular pronouncement would be contained in an appendix to that pronouncement.<sup>4</sup> The Exposure Draft contains the Proposed Tier 2 Disclosures.<sup>5</sup> A separate document, “Application of Proposed RDR decision-making framework in AASB ED 277 to accounting standards and interpretations – Australian perspective” maps the application of the [draft] joint Policy Statement to the disclosures in each Australian Accounting Standard and Interpretation to produce the Proposed Tier 2 Disclosures.

## Why we are making these proposals

AASB 1053 sets out the application of two tiers of General Purpose Financial Statements (GPFS) both with the same recognition and measurement requirements, but different levels of disclosure. In this context:

- (a) for-profit entities with ‘public accountability’ (such as listed companies) and governments at the federal, state/territory and local; levels must apply Tier 1; and
- (b) for-profit entities (other than for-profit entities with public accountability), not-for-profit private sector entities and public sector entities other than governments can apply Tier 2 and have the option to apply Tier 1.

The current Tier 2 disclosure requirements applying in Australia and New Zealand are essentially the same and are based on the approach developed by the AASB in 2010. That approach uses the *IFRS for SMEs* Standard as the starting point. The current process for identifying Tier 2 disclosures is as follows:

- (a) draw directly on the disclosure requirements in the *IFRS for SMEs* Standard when Tier 2 recognition and measurement requirements are the same as those under the *IFRS for SMEs* Standard; and
- (b) use the “user needs” and “cost-benefit” principles applied by the IASB in developing its *IFRS for SMEs* Standard when Tier 2 recognition and measurement requirements are not the same as those available under the *IFRS for SMEs* Standard.

Operational guidance was developed to facilitate the application of the “user needs” and “cost-benefit” principles.

Although there is a need for GPFS to cater for the information needs of a wide range of users, the objective is to find a balance between the benefits of financial information to the users and the costs to the preparers of providing that information. There is also a need to ensure that the users are not overburdened with unnecessary information that make financial statements less understandable to them.

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1 In November 2012 the External Reporting Board (XRB) and the NZASB issued a package of standards that introduced reduced disclosures for application to for-profit entities that were harmonised with the equivalent standards in Australia introduced in 2010.

2 The reference to Tier 2 entities should be read as Tier 2 for-profit entities for New Zealand entities.

3 In August 2009, the then Prime Ministers of Australia and New Zealand signed the Joint Statement of Intent: Single Economic Markets Outcome Framework. One of the outcomes of that Statement of Intent was that for-profit entities operating in both countries should be able to use only one set of accounting standards and to prepare one set of financial statements that would be acceptable in both countries.

4 While the proposal to use appendices to present the required Tier 2 disclosures is new it would not be the first time that the AASB has added an appendix to an Australian Accounting Standard. The AASB has previously added not-for-profit entity specific appendices to Australian Accounting Standards (for example, Appendix E to AASB 10 *Consolidated Financial Statements*) and the feedback from not-for-profit constituents is that they prefer material specific to them to be located in the one place.

5 Appendix A to this Exposure Draft illustrates the approach proposed by the NZASB to identify Tier 2 disclosure - to use an asterisk (\*) for disclosures that are not required and explaining partial concessions by means of an RDR paragraph. This approach is a continuation of the current approach to identifying Tier 2 disclosures.

The second tier of disclosure requirements for GPFS was given effect through AASB 1053 and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*, and are identified in the disclosure requirements of each Australian Accounting Standard, by showing requirements from which entities applying Tier 2 disclosures are exempt as shaded text. Tier 2 disclosure requirements would be updated as the underlying Australian Accounting Standards undergo changes or new Australian Accounting Standards are issued.

The AASB expected that by providing Tier 2 disclosures to be used in preparing GPFS there would be a substantial reduction in the reporting burden of many Australian entities that are required to prepare GPFS. For example, entities that prepare GPFS, including large proprietary companies, would use Tier 2 disclosures and not continue with Tier 1 disclosures. The AASB has undertaken a post-implementation review of the second tier of requirements for GPFS. Information was obtained from users of Tier 2 entities' financial statements about their information needs. Users consulted included bankers, specialist practitioners who help businesses to avoid liquidation, business valuers, private equity investors, and funders of not-for-profit entities. The NZASB undertook limited consultation with users of the financial statements of New Zealand Tier 2 for-profit entities to identify their information needs.<sup>6</sup> In summary, the feedback identified the common information needs of those users in both Australia and New Zealand as those relating to:

- (a) financial performance;
- (b) liquidity and solvency;
- (c) cash balances and cash flows;
- (d) related party transactions and balances;
- (e) accounting policies applied; and
- (f) transactions and events that are significant for the entity.

As part of the post-implementation review, other information was obtained from an analysis of the financial reporting practices by large proprietary companies in Australia lodging annual financial statements with the Australian Securities and Investments Commission (ASIC), a review of a sample of financial statements lodged with the Australian Charities and Not-for-Profits Commission (ACNC), feedback received through general stakeholder engagement and feedback from the public sector.

Consultation indicates that for entities that prepare GPFS and are eligible to use the Tier 2 disclosures:

- (a) the level of adoption of Tier 2 GPFS requirements among companies limited by guarantee (not-for-profit entities) and subsidiaries of Tier 1 entities is reasonably widespread. Anecdotal evidence in the form of a non-random sample of 15 charities lodging GPFS with the ACNC identified that 80 percent were applying the Tier 2 disclosure requirements. There is also some anecdotal evidence that the increasing reporting requirements established under the various State and Territory associations incorporation Acts may increase the adoption of RDR by other private not-for-profit sector entities;
- (b) the level of adoption among other types of companies, including large proprietary companies is very low – with the likely reason being that the general level of disclosure under Tier 2 is still viewed as burdensome. In relation to this, a recent analysis of the financial reporting practices by a sample of large proprietary companies in Australia lodging annual financial statements with ASIC<sup>7</sup> identifies that:
  - (i) less than 10 percent of the total sample use Tier 2 disclosures; and
  - (ii) of those large proprietary companies sampled that prepare GPFS, around 20 percent use Tier 2 disclosures; and
- (c) within the public sector, one factor seen as preventing greater use of Tier 2 disclosures is the need to consolidate public sector entities into the jurisdiction's whole-of-government general purpose financial statements and the perception that the differences between Tier 1 and 2 do not warrant change from complying with full disclosures under Tier 1.

The review identified:

- (a) that the existing Tier 2 disclosure requirements determined using the disclosure principles based on those used by the IASB in determining the disclosures under the *IFRS for SMEs* Standard had not delivered the outcome expected; and
- (b) a need to refine the principles used in determining the level of RDR to achieve an appropriate balance between the benefits of financial information to the users and the costs to the preparers of providing that information.

The AASB also noted that the IASB has decided not to update the *IFRS for SMEs* Standard for some of the limited-scope amendments and new IFRS Standards that have been issued over the past few years (for example,

6 The New Zealand External Reporting Board is currently undertaking research to identify the financial information and assurance needs of users of for-profit Tier 2 entity reports in accordance with its Strategic Action Plan.

7 Potter, B., Tanewski, G., and Wright, S., 2016, *Financial Reporting by Private Companies in Australia: Current Practice and Opportunities for Research*, paper presented at the AASB Research Forum, November 24, Sydney. The sample was a random sample of 394 large proprietary companies (with a 95 per cent confidence level).

IFRS 15 *Revenue from Contracts with Customers* and IFRS 16 *Leases*). This means that the *IFRS for SMEs* Standard cannot be used as the starting point for determining disclosure requirements for Tier 2 entities for these recently issued standards.

## Summary of the differences between current RDR with the proposed RDR

When comparing current RDR with the new proposals, the following factors need to be taken into account:

- (a) in many instances the disclosure requirements under the proposed RDR framework are different from the current disclosure requirements so the change in RDR cannot be quantified;
- (b) some guidance that was previously reduced is now being kept because it is guidance rather than a disclosure requirement;
- (c) a few reductions are being removed because they are presentation requirements rather than disclosure requirements;
- (d) although reconciliations are not required under the proposed RDR framework, disclosure is required of some of the individual items in those reconciliations; and
- (e) the actual quantum of change is dependent on an entity's specific facts and circumstances.

No changes are proposed to the disclosure requirements for Tier 2 entities in:

- (a) AASB 107 *Statement of Cash Flows*;
- (b) AASB 123 *Borrowing Costs*; and
- (c) AASB Interpretation 14 *AASB 119—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The most substantial reductions are proposed to:

- (a) AASB 7 *Financial Instruments: Disclosures*;
- (b) AASB 12 *Disclosure of Interests in Other Entities*;
- (c) AASB 14 *Regulatory Deferral Accounts* – there is currently no RDR; and
- (d) AASB 16 *Leases* – there is currently no RDR.

In respect of the standards not mentioned above, there are either fewer disclosure requirements under the new proposals or the number of requirements has not changed, only the requirements themselves have changed.

## Who would be affected

It is proposed that the Tier 2 disclosure requirements in this ED shall apply to the GPFS of the following types of entities:

- for-profit private sector entities that do not have public accountability;
- not-for-profit private sector entities; and
- public sector entities, whether for-profit or not-for-profit, other than the Australian Government and State, Territory and Local Governments.

These entities may elect to apply Tier 1 reporting requirements in preparing GPFS.

## What happens next

Comments are invited on any of the proposals in this ED by 26 May 2017. The AASB will consider constituent feedback at a future meeting with a view to determining how to progress the project.

## Application Date

It is proposed that this [draft] Standard be applicable to annual reporting periods beginning on or after 1 January 2019.

It is proposed that early adoption of this [draft] Standard will be permitted for periods beginning on or after 1 January 2018 (with early adoption of the amended Tier 2 disclosures in AASB 140 *Investment Property* permitted when an entity first applies AASB 16 *Leases*), with AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* as revised by this [draft] Standard applied at the same time an entity first applies a Standard that is revised by this [draft] Standard.

For example, if a Tier 2 entity decides to apply only the proposed amended Tier 2 disclosures in AASB 16 for periods beginning on or after 1 January 2018, the entity will be required to apply at the same time the revised AASB 140 (an interrelated standard), AASB 101, AASB 107 and AASB 108. Except for AASB 16 and AASB 140, each revised standard can be adopted separately provided the revised AASB 101, AASB 107 and AASB 108 are applied at the same time.

## Updating RDR

The AASB has changed its approach to updating RDR. The exposure of the proposed Tier 2 disclosures will now coincide with the finalisation of the standard to which they relate, rather than the preceding exposure draft, to enable constituents to provide more meaningful feedback. There had been instances where disclosures proposed at an ED stage were significantly altered in the final standard.

## We need your feedback

Submissions play an important role in the decisions that the AASB will make in regard to a Standard. 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 otherwise, on the major issues. The AASB regards supportive and non-supportive comments as essential to a balanced review of the issues and will consider all submissions, whether they address some or all specific matters, additional issues or only one issue.

## Specific Matters for Comment

The AASB would particularly value comments on the following:

- 1 Do you agree with the overarching principles on which the proposed RDR decision-making framework identified in the proposed joint Policy Statement is based (that is, user needs and cost-benefit)? If you disagree, please explain why (see [draft] joint Policy Statement paragraph 6 to this ED).
- 2 Do you agree with the two Key Disclosure Areas identified in the proposed joint Policy Statement as being essential for meeting user needs? If you disagree with either Key Disclosure Area (including any of the specific disclosures about transactions and other events significant or material to understanding the entity's operations as represented by the financial statements), please explain which one(s) you disagree with and why? (see [draft] joint Policy Statement paragraph 8 to this ED).
- 3 Do you agree with the proposed joint Policy Statement as a whole for determining RDR for Tier 2 entities? If you disagree, please explain why (see the [draft] joint Policy Statement to this ED). In relation to the proposed joint Policy Statement, the AASB is particularly seeking to know whether the disclosures required of not-for-profit entities are appropriate relative to the disclosures required of for-profit entities.
- 4 Do you agree with the approach in the proposed joint Policy Statement taken by the AASB regarding disclosures about accounting policies? If you disagree, please explain why (see [draft] joint Policy Statement paragraph Aus12.1 to this ED).
- 5 Do you agree with the approach in the proposed joint Policy Statement taken by the AASB regarding guidance for disclosure requirements? If you disagree, please explain why (see [draft] joint Policy Statement paragraph Aus25.1 to this ED).
- 6 Do you agree with the approach in the proposed joint Policy Statement taken by the AASB regarding cross-references to other standards that are general rather than specific? If you disagree, please explain why (see [draft] joint Policy Statement paragraph Aus29.1 to this ED).
- 7 Do you agree with the outcome of the application of the proposed joint Policy Statement to the disclosure requirements in Australian Accounting Standards to determine the disclosures that Tier 2 entities should be required to provide? (see Proposed Tier 2 Disclosures) If you disagree with the outcome, please identify, with reasons:
  - (a) which disclosures that are identified as requirements that you believe Tier 2 entities should not be required to provide; and
  - (b) which disclosures that are identified as concessions that you believe Tier 2 entities should be required to provide.
- 8 Which approach do you prefer for identifying RDR for Tier 2 entities:
  - (a) the approach taken in this ED with the Proposed Tier 2 Disclosures to include an Australian Appendix in each Australian Accounting Standard that identifies the disclosures that Tier 2 entities are required to provide; or
  - (b) use the approach taken in the New Zealand ED to use an asterisk (\*) for disclosures that are not required and explaining partial concessions by means of an RDR paragraph? The approach taken in the New Zealand ED is illustrated in the Appendix A to this ED.
- 9 Do you agree that when an Australian Accounting Standard does not have separate sections for disclosure and presentation requirements, both presentation and disclosure requirements are included in the Australian Appendix to each Australian Accounting Standard that identifies the disclosures that Tier 2 entities are required to provide? If you disagree, please explain why.
- 10 Do you agree that, once approved, the amended Tier 2 disclosure requirements should be effective for annual periods beginning on or after 1 January 2019 with early application permitted? Early application is permitted for periods beginning on or after 1 January 2018 (with early adoption of the amended Tier 2

disclosures in AASB 140 *Investment Property* permitted when an entity first applies AASB 16 *Leases*), with AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* as revised by this [draft] Standard applied at the same time an entity first applies a Standard that is revised by this [draft] Standard.

- 11 The Exposure Draft does not propose any specific transition requirements. Do any issues warrant transitional provisions and, if so, what transitional provisions do you suggest?
- 12 Do you think that when approved, the amended Tier 2 disclosures would encourage eligible entities that currently:
  - (a) prepare Special Purpose Financial Statements to prepare Tier 2 General Purpose Financial Statements; and
  - (b) prepare Tier 1 General Purpose Financial Statements to prepare Tier 2 General Purpose Financial Statements.

### **General Matters for Comment**

The AASB would particularly value comments on the following:

- 13 Whether:
  - (a) there are any regulatory or other issues arising in the Australian environment that may affect the implementation of the proposals by not-for-profit entities, including any issues relating to public sector entities, such as GAAP/GFS implications?
  - (b) overall, the proposals would result in reporting that would be useful to users?
  - (c) the proposals are in the best interests of the Australian economy?

Unless already provided in response to the matters for comment 1-12 above, the costs and benefits of the proposals relative to the current Australian Accounting Standards, whether quantitative (financial or non-financial) or qualitative. In relation to quantitative financial costs, the AASB is particularly seeking to know the nature(s) and estimated amount(s) of any expected incremental costs, or cost savings, of the proposals relative to the existing requirements.

## **AASB and NZASB**

# **[DRAFT] POLICY FOR DETERMINING RDR FOR TIER 2 ENTITIES IN AUSTRALIA AND TIER 2 FOR-PROFIT ENTITIES IN NEW ZEALAND**

## **Preface**

The Australian Accounting Standards Board (AASB) and the New Zealand Accounting Standards Board (NZASB) apply the RDR decision-making framework, together with its accompanying operational guidance to the disclosure requirements in Australian Accounting Standards/New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) to identify which of those disclosure requirements should be reduced for Tier 2 entities in each jurisdiction.

The framework is based on Key Disclosure Areas which result in information that meets user needs.

The Key Disclosure Areas are:

- (a) current liquidity and solvency of the entity; and
- (b) transactions and other events that are significant or material to an understanding of the entity's operations as represented by the financial statements. This comprises disclosures about:
  - (i) the nature of the transaction or event that makes it significant or material to the entity;
  - (ii) associated risks specific to a transaction or event;
  - (iii) associated accounting policy on recognition or measurement specific to a transaction or event;
  - (iv) associated significant estimates and judgements specific to a transaction or event;
  - (v) commitments and contingencies;
  - (vi) impairment;
  - (vii) related parties; and
  - (viii) subsequent events.

Judgement is required when applying this framework, and the overarching principles of user needs and cost-benefit are considered when determining the disclosures that relevant Tier 2 entities in each jurisdiction should make.

When it is necessary to identify specific aspects of the RDR process and framework particular to the Australian or New Zealand jurisdiction, this document uses "Aus" and "NZ" prefixed paragraphs.

## 1. Introduction

1. The objective of this Policy Statement is to have accounting requirements for Tier 2 entities<sup>1</sup> in each jurisdiction that balance the costs and benefits of financial reporting. This Policy Statement is the result of deliberations by the Australian Accounting Standards Board (AASB) and the New Zealand Accounting Standards Board (NZASB) in determining disclosure requirements for Tier 2 entities in each jurisdiction.

Aus1.1 In accordance with AASB 1053 *Application of Tiers of Accounting Standards*, Tier 2 requirements (otherwise known as Reduced Disclosure Requirements (RDR)) comprise the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. Except for the presentation of a third statement of financial position under Tier 1, the presentation requirements under Tier 1 and Tier 2 are the same.

Aus1.2 Tier 2 reporting requirements, as a minimum, apply to the general purpose financial statements of the following types of entities:

- (a) for-profit private sector entities that do not have public accountability<sup>2</sup>;
- (b) not-for-profit private sector entities; and
- (c) public sector entities, whether for-profit or not-for-profit, other than the Australian Government and State, Territory and Local Governments.

These types of entities may elect to apply Tier 1 reporting requirements in preparing general purpose financial statements.

NZ 1.1 Tier 2 For-profit Accounting Requirements have the same recognition and measurement requirements as Tier 1 For-profit Accounting Requirements but with disclosure concessions (that is, a reduced disclosure regime (RDR)). The Tier 2 For-profit Accounting Requirements are referred to as the New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

NZ 1.2 In accordance with the Accounting Standards Framework<sup>3</sup>, for-profit entities that have a statutory obligation to prepare general purpose financial reports and do not have public accountability, as defined for financial reporting purposes, may report in accordance with Tier 2 For-profit Accounting Requirements<sup>4</sup>.

2. This Policy Statement sets out the RDR decision-making framework and its accompanying operational guidance that the AASB and the NZASB apply to develop disclosure requirements for Tier 2 entities in Australia and New Zealand.
3. This Policy Statement was first issued in [date]. It may be reviewed periodically.

## 2. Basis for Development of RDR Decision-making Framework

4. The RDR decision-making framework has been developed to provide a consistent basis for determining the minimum disclosure requirements (or the disclosure concessions) for Tier 2 entities.
5. Although judgement is required in applying this framework, it should generally result in similar conclusions when applied by the AASB and the NZASB in determining the disclosure requirements for Tier 2 entities in each jurisdiction.
6. The overarching principles of this framework are that:
  - (a) the information provided by the financial statements meets user needs; and
  - (b) the benefits of providing the disclosures exceed the costs.
7. AASB 1053 *Application of the Tiers of Australian Accounting Standards/XRB A1 Application of the Accounting Standards Framework* sets out the eligibility criteria that entities in each jurisdiction must meet to report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements/NZ IFRS RDR. This RDR decision-making framework does not change those criteria.

## 3. RDR Decision-making Framework

8. Two Key Disclosure Areas have been identified as being essential for meeting user needs. Those Key Disclosure Areas are:
  - (a) current liquidity and solvency of the entity; and

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1 In New Zealand, the reference to ‘Tier 1 entities’ and ‘Tier 2 entities’ in this Policy should be read as ‘Tier 1 for-profit entities’ and ‘Tier 2 for-profit entities’ respectively.

2 Public accountability is defined and explained in Appendices A and B of AASB 1053.

3 The Accounting Standards Framework was approved by the Minister of Commerce in April 2012. It comprises different sets of accounting standards for for-profit entities and for public benefit entities, together with a formalised tier structure.

4 A for-profit public sector entity may elect to report in accordance with Tier 2 For-profit Accounting Requirements if it does not have public accountability and it is not large (a for-profit public sector entity is not large if it has total expenses of \$30m or less).

- (b) transactions and other events that are significant or material to an understanding of the entity's operations as represented by the financial statements. This comprises disclosures about:
  - (i) the nature of the transaction or event that makes it significant or material to the entity;
  - (ii) associated risks specific to a transaction or event;
  - (iii) accounting policy on recognition or measurement specific to a transaction or event;
  - (iv) significant estimates and judgements specific to a transaction or event;
  - (v) commitments and contingencies;
  - (vi) impairment;
  - (vii) related parties; and
  - (viii) subsequent events.
- 9. The disclosures about transactions and other events that are significant or material to an understanding of the entity's operations as represented by the financial statements are categorised broadly into:
  - (a) disclosures of a general nature that apply for all transactions and events (paragraph 8(b)(i)–(iv)); and
  - (b) specific disclosures about particular types of transactions and events (paragraph 8(b)(v)–(viii)).
- 10. The RDR decision-making framework is based on a rebuttable presumption that the benefits of providing the disclosures listed in paragraph 8 exceed the costs. Unless the standard setter rebuts that presumption, Tier 2 entities are required to make those disclosures.

#### *Disclosure of Accounting Policies*

- 11. AASB 101/NZ IAS 1 *Presentation of Financial Statements* and AASB 108/NZ IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* require disclosures about accounting policies and estimates and judgements.
- 12. Disclosures about accounting policies are also required in some standards dealing with particular types of transactions or topics, for example, AASB 102/NZ IAS 2 *Inventories* requires disclosure of the accounting policies adopted in measuring inventories, including the cost formula used.
  - Aus12.1 The AASB has decided to rely on the requirement in AASB 101 and AASB 108 for disclosures about accounting policies. To achieve this, the appendix to each standard that contains the disclosure requirements for Tier 2 entities includes a reminder that the disclosure requirements in AASB 101 and AASB 108 about accounting policies apply where relevant. Likewise, AASB 101 and AASB 108 include similar messages.<sup>5</sup> Therefore, disclosures about accounting policies, other than those in AASB 101 and AASB 108, are reduced for Tier 2 entities and are not included in the appendix to each relevant standard.
  - NZ 12.1 The NZASB has decided to not rely solely on the requirements in NZ IAS 1 and NZ IAS 8 for disclosures about accounting policies. The NZASB considers that this avoids any confusion that might arise as a consequence of keeping the general disclosure about accounting policies in NZ IAS 1 and NZ IAS 8 while identifying the accounting policy for particular types of transactions or topics as a concession.

#### *Benefits and Costs of Providing Disclosures*

- 13. In some cases, the presumption that the benefits of providing a disclosure exceed the costs might be rebutted. For example, a standard might require extensive disclosures about a topic that is (or relates to) a Key Disclosure Area. In this situation, there could be some specific disclosures that provide little incremental benefit to users of the financial statements of Tier 2 entities, such that the benefits of that particular disclosure do not exceed the costs<sup>6</sup>. In these circumstances, the standard setter does not require Tier 2 entities to provide the disclosures.

<sup>5</sup> AASB 101 *Presentation of Financial Statements* would include the following note upfront:

In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.

AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* would include the following note upfront:

For disclosure requirements relating to changes in accounting policies, Tier 2 entities should refer to this Standard.

<sup>6</sup> An example would be paragraph 11A(c) in AASB 7/NZ IFRS 7 *Financial Instruments: Disclosures* which is assessed as a Key Disclosure Area (current liquidity and solvency). However, the presumption that the benefits of providing the disclosure exceed the costs is rebutted because this information is included in the carrying amount of financial instruments in accordance with paragraph 8, which is kept for Tier 2 entities. Therefore, Tier 2 entities would not be required to provide the disclosures under paragraph 11A(c).

14. Where a disclosure is not a Key Disclosure Area, there is a rebuttable presumption that the costs of providing the disclosures exceed the benefits. Unless the presumption is rebutted, Tier 2 entities are not required to make those disclosures.
15. In some cases, the standard setter might rebut the presumption that the costs of providing the disclosure exceed the benefits. For example, some disclosure requirements provide information about the reporting framework under which the financial statements are prepared, or information about the structure of the entity reporting (that is, whether the reporting entity is a group and **the composition of that group**). In this situation, the disclosure provides information that is beneficial for users of the financial statements of Tier 2 entities, such that the benefits of that particular disclosure exceed the costs. In these circumstances, Tier 2 entities are required to provide the disclosures.

### ***Application of the RDR Decision-making Framework***

16. This framework is applied by the AASB and the NZASB to the disclosure requirements in Australian Accounting Standards/NZ IFRS to determine the second tier of disclosure requirements.
17. Although there are rebuttable presumptions, as discussed above, the overarching principles of user needs and cost-benefit are considered each time this framework is applied for determining the disclosure requirements for Tier 2 entities.

#### *Operational Guidance*

18. This operational guidance is used by the AASB and the NZASB to facilitate the application of the RDR decision-making framework.

#### *Presentation vs Disclosure*

19. An objective of the RDR decision-making framework is that the face of the financial statements of Tier 1 and Tier 2 entities would display the same information. As a consequence of this, the presentation<sup>7</sup> requirements for Tier 1 and Tier 2 entities are the same. The RDR decision-making framework is concerned only with reducing the disclosure burden for Tier 2 entities. Sometimes judgement is required as to whether a particular requirement relates to presentation or disclosure.
20. The following guidance is used to distinguish between presentation and disclosure.
  - (a) Presentation requirements are requirements that specify, for the current and the comparative period, the broad structure of financial statements including the basis of classification of items.
  - (b) Requirements addressing additional line items, disaggregation and subclassification of line items on the face of the primary financial statements are considered to be presentation requirements.
  - (c) Specifications relating to additional line items and disaggregation to be disclosed in the notes are treated as matters of disclosure.
  - (d) Where a standard provides an option for disclosure of information either on the face of the financial statements or in the notes, this is considered a disclosure requirement and is assessed against the RDR decision-making framework to determine which disclosures, if any, Tier 2 entities are required to make.

#### *Disclosure Objective*

21. Some Australian Accounting Standards/NZ IFRSs include paragraphs that require an entity to disclose information to meet a stated objective.<sup>8</sup> These paragraphs are then followed by paragraphs that require specific disclosures to meet that stated objective.
22. In these circumstances, the paragraphs that require specific disclosures to meet the stated objective are subjected to analysis under the RDR decision-making framework and the paragraphs that require an entity to meet a stated disclosure objective are reduced for Tier 2 entities.
23. Some Australian Accounting Standards/NZ IFRSs include paragraphs that contain a disclosure objective without requiring an entity to provide any disclosures.<sup>9</sup> These paragraphs are not disclosure requirements so they are not reduced for Tier 2 entities.

#### *Guidance*

24. The disclosure requirements in Australian Accounting Standards/NZ IFRS are often accompanied by guidance which is intended to assist entities in making those disclosures.

<sup>7</sup> The standards sometimes use the term presentation interchangeably with the term classification.

<sup>8</sup> For example, paragraph 44 of AASB 2/NZ IFRS 2 *Share-based Payment*: “An entity shall disclose information that enables users of the financial statements to understand the nature and extent of share-based payment arrangements that existed during the period.”

<sup>9</sup> For example, paragraph 51 of AASB 16/NZ IFRS 16 *Leases*: “The objective of the disclosures is for lessees to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. **Paragraphs 52–60 specify requirements on how to meet this objective.**”

25. In general, guidance for disclosures that are required to be provided by Tier 2 entities is kept. However, where the guidance is about the presentation of information “in a tabular format unless another format is more appropriate” it is reduced to provide Tier 2 entities with flexibility on how information is presented.
- Aus25.1 The AASB has decided to reduce some of the guidance for disclosures that are kept for Tier 2 entities, in particular where the guidance is considered to be unnecessary for Tier 2 entities in meeting the related disclosure requirement.
- NZ 25.1 The NZASB has decided to keep all of the guidance that relates to disclosures that Tier 2 entities are required to provide.

*Disclosures that are Encouraged*

26. Where an Australian Accounting Standard/NZ IFRS encourages, rather than requires, a disclosure this is reduced for Tier 2 entities.

*Reconciliations*

27. A reconciliation required under Australian Accounting Standards/NZ IFRS is not required to be prepared by Tier 2 entities. However, the individual items in that reconciliation are assessed against the RDR decision-making framework to determine which items, if any, Tier 2 entities are required to make.

*Cross-referencing in Standards*

28. Sometimes a disclosure or guidance in an Australian Accounting Standard/NZ IFRS includes a cross-reference to disclosure requirements in another Australian Accounting Standard/NZ IFRS.
29. Where the cross-referencing is specific (for example, a disclosure in AASB 3/NZ IFRS 3 *Business Combinations* includes a reference to paragraph 85 of AASB 137/NZ IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*), both paragraphs are either kept or reduced for Tier 2 entities. Cross-referencing can be of a general nature.
- Aus29.1 The AASB has decided that where the cross-referencing is of a general nature<sup>10</sup> this is reduced in Australian Accounting Standards for Tier 2 entities.
- NZ 29.1 The NZASB has decided that where the cross-referencing is of a general nature, this is kept in NZ IFRS for Tier 2 entities.

*Australian Accounting Standards/NZ IFRSs that are not Applicable to Tier 2 Entities*

30. AASB 8/NZ IFRS 8 *Operating Segments* and AASB 133/NZ IAS 33 *Earnings per Share* do not apply to Tier 2 entities. Paragraphs in other Australian Accounting Standards/NZ IFRSs that refer to these two standards without establishing any additional disclosure requirements are, therefore, reduced for Tier 2 entities.

## 4. Identifying Tier 2 Disclosure Requirements

*Introduction*

32. Although this Policy Statement has been developed jointly by the AASB and the NZASB, the Boards have a different approach to identifying the disclosure requirements for Tier 2 entities. However, the outcome of applying the Policy Statement is expected to generally be the same for Tier 2 entities in Australia and New Zealand.

*Approach to Identifying Tier 2 Disclosure Requirements*

*Australia*

33. The disclosures required to be provided by Tier 2 entities along with the headings relevant to those disclosures, are included in an appendix to each Australian Accounting Standard and Interpretation that contains disclosure requirements.

*New Zealand*

34. The disclosures that Tier 2 entities are not required to provide are identified by means of an asterisk (\*) next to the paragraph or subparagraph.
35. Partial concessions are identified by means of an asterisk (\*) next to the paragraph and inclusion of an RDR paragraph which explains the disclosure requirements for Tier 2 entities.

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<sup>10</sup> For example, paragraph 96 of AASB 16 includes a requirement for a lessor to apply the disclosure requirements in AASB 136, AASB 138, AASB 140 and AASB 141 for assets subject to operating leases.

## PROPOSED TIER 2 DISCLOSURES

### AASB 1 *First-time Adoption of Australian Accounting Standards*

The following are the disclosures proposed to be identified in Appendix F of AASB 1 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 1.*

- AusF1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 1 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusF2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 1 that are not required by this appendix.
- AusF3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusF4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) apply where relevant. Should the entity assess that under AASB 101 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.
- AusF5** **RDR paragraphs in this appendix apply only to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**

### Presentation and disclosure

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- 20 This Standard does not provide exemptions from the presentation and disclosure requirements in other Australian Accounting Standards.

### Comparative information

- RDR21.1 In respect of entities applying Australian Accounting Standards – Reduced Disclosure Requirements, to comply with AASB 101, an entity's first Australian-Accounting-Standards-Reduced-Disclosure-Requirements financial statements shall include at least two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, including comparative information.

### Non-Australian-Accounting-Standards comparative information and historical summaries

- 22 Some entities present historical summaries of selected data for periods before the first period for which they present full comparative information in accordance with Australian Accounting Standards. This Standard does not require such summaries to comply with the recognition and measurement requirements of Australian Accounting Standards. Furthermore, some entities present comparative information in accordance with previous GAAP as well as the comparative information required by AASB 101. In any financial statements containing historical summaries or comparative information in accordance with previous GAAP, an entity shall:
- (a) label the previous GAAP information prominently as not being prepared in accordance with Australian Accounting Standards; ~~and~~

## **Explanation of transition to Australian Accounting Standards**

- 23 **An entity shall explain how the transition from previous GAAP to Australian Accounting Standards affected its reported financial position, financial performance and cash flows.**

### **Reconciliations**

- 24 an entity's first Australian-Accounting-Standards financial statements shall include:
- (c) if the entity recognised or reversed any impairment losses for the first time in preparing its opening Australian-Accounting-Standards statement of financial position, the disclosures that AASB 136 *Impairment of Assets* would have required if the entity had recognised those impairment losses or reversals in the period beginning with the date of transition to Australian Accounting Standards.
- 27 AASB 108 does not apply to the changes in accounting policies an entity makes when it adopts Australian Accounting Standards or to changes in those policies until after it presents its first Australian-Accounting-Standards financial statements. Therefore, AASB 108's requirements about changes in accounting policies do not apply in an entity's first Australian-Accounting-Standards financial statements.
- 27A If during the period covered by its first Australian-Accounting-Standards financial statements an entity changes its accounting policies or its use of the exemptions contained in this Standard, it shall explain the changes between its first Australian-Accounting-Standards interim financial report and its first Australian-Accounting-Standards financial statements, in accordance with paragraph 23, and it shall update the reconciliations required by paragraph 24(a) and (b).

## AASB 2 Share-based Payment

The following are the disclosures proposed to be identified in Appendix C of AASB 2 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 2.*

- AusC1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 2 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusC2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 2 that are not required by this appendix.
- AusC3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusC4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.
- AusC5** RDR paragraphs in this appendix apply only to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.

## Disclosures

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- 45 the entity shall disclose at least the following:
- (a) a description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement, such as vesting requirements, the maximum term of options granted, and the method of settlement (eg whether in cash or equity). An entity with substantially similar types of share-based payment arrangements may aggregate this information.
  - (d) for share options outstanding at the end of the period, the range of exercise prices and weighted average remaining contractual life. If the range of exercise prices is wide, the outstanding options shall be divided into ranges that are meaningful for assessing the number and timing of additional shares that may be issued and the cash that may be received upon exercise of those options.
- 47 If the entity has measured the fair value of goods or services received as consideration for equity instruments of the entity indirectly, by reference to the fair value of the equity instruments granted, the entity shall disclose:
- (c) for share-based payment arrangements that were modified during the period:
    - (i) an explanation of those modifications;
- RDR 50.1** An entity applying Australian Accounting Standards – Reduced Disclosure Requirements shall disclose the following information about the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position:
- (a) the total expense recognised in profit or loss for the period; and
  - (b) the total carrying amount at the end of the period of liabilities arising from share-based payment transactions.

## AASB 3 Business Combinations

The following are the disclosures proposed to be identified in Appendix C of AASB 3 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 3.*

- AusC1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 3 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusC2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 3 that are not required by this appendix.
- AusC3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusC4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.
- AusC5** **RDR paragraphs in this appendix apply only to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**

## Disclosures (application of paragraphs 59 and 61)

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- B64** the acquirer shall disclose the following information for each business combination that occurs during the reporting period:
- (a) the name and a description of the acquiree.
  - (b) the acquisition date.
  - (c) the percentage of voting equity interests acquired.
  - (f) the acquisition-date fair value of the total consideration transferred.
  - (g) for contingent consideration arrangements and indemnification assets:
    - (i) the amount recognised as of the acquisition date;
    - (ii) a description of the arrangement and the basis for determining the amount of the payment; and
  - (i) the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed.
  - (j) for each contingent liability recognised in accordance with paragraph 23, the information required in paragraph 85 of AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. If a contingent liability is not recognised because its fair value cannot be measured reliably, the acquirer shall disclose:
    - (i) the information required by paragraph 86 of AASB 137; and
    - (ii) the reasons why the liability cannot be measured reliably.
  - (n) in a bargain purchase (see paragraphs 34–36):
    - (i) the amount of any gain recognised in accordance with paragraph 34
- RDR B65.1** For individually immaterial business combinations occurring during the reporting period that are material collectively, an acquirer applying Australian Accounting Standards – Reduced Disclosure Requirements shall disclose in aggregate the information required by paragraphs B64(g)(i) and (ii), B64(i), and B64(j).

- B67** the acquirer shall disclose the following information for each material business combination or in the aggregate for individually immaterial business combinations that are material collectively:
- (c) for contingent liabilities recognised in a business combination, the acquirer shall disclose the information required by paragraph 85 of AASB 137 for each class of provision.

## **AASB 5 Non-current Assets Held for Sale and Discontinued Operations**

The following are the disclosures proposed to be identified in Appendix D of AASB 5 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 5.*

- AusD1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 5 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusD2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 5 that are not required by this appendix.
- AusD3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusD4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 Presentation of Financial Statements (paragraphs 117-133) and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### **Presentation and disclosure**

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- 30** An entity shall present information that enables users of the financial statements to evaluate the financial effects of discontinued operations and disposals of non-current assets (or disposal groups).

#### **Presenting discontinued operations**

- 31** A *component* of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. In other words, a component of an entity will have been a cash-generating unit or a group of cash-generating units while being held for use.
- 32** A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and
- (a) represents a separate major line of business or geographical area of operations,
  - (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
  - (c) is a subsidiary acquired exclusively with a view to resale.
- 33** An entity shall disclose:
- (a) a single amount in the statement of comprehensive income comprising the total of:
    - (i) the post-tax profit or loss of discontinued operations; and
    - (ii) the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.
  - (c) the net cash flows attributable to the operating, investing and financing activities of discontinued operations. These disclosures may be presented either in the notes or in the financial statements
- 33A** If an entity presents the items of profit or loss in a separate statement as described in paragraph 10A of AASB 101, a section identified as relating to discontinued operations is presented in that statement.
- 34** An entity shall re-present the disclosures in paragraph 33 for prior periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.
- 35** Adjustments in the current period to amounts previously presented in discontinued operations that are directly related to the disposal of a discontinued operation in a prior period shall be classified separately in discontinued operations.

- 36 If an entity ceases to classify a component of an entity as held for sale, the results of operations of the component previously presented in discontinued operations in accordance with paragraphs 33–35 shall be reclassified and included in income from continuing operations for all periods presented. The amounts for prior periods shall be described as having been re-presented.
- 36A An entity that is committed to a sale plan involving loss of control of a subsidiary shall disclose the information required in paragraphs 33–36 when the subsidiary is a disposal group that meets the definition of a discontinued operation in accordance with paragraph 32.

### **Gains or losses relating to continuing operations**

- 37 Any gain or loss on the remeasurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation shall be included in profit or loss from continuing operations.

### **Presentation of a non-current asset or disposal group classified as held for sale**

- 38 An entity shall present a non-current asset classified as held for sale and the assets of a disposal group classified as held for sale separately from other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale shall be presented separately from other liabilities in the statement of financial position. Those assets and liabilities shall not be offset and presented as a single amount. The major classes of assets and liabilities classified as held for sale shall be separately disclosed either in the statement of financial position or in the notes, except as permitted by paragraph 39. An entity shall present separately any cumulative income or expense recognised in other comprehensive income relating to a non-current asset (or disposal group) classified as held for sale.
- 39 If the disposal group is a newly acquired subsidiary that meets the criteria to be classified as held for sale on acquisition (see paragraph 1), disclosure of the major classes of assets and liabilities is not required.
- 40 An entity shall not reclassify or re-present amounts presented for non-current assets or for the assets and liabilities of disposal groups classified as held for sale in the statements of financial position for prior periods to reflect the classification in the statement of financial position for the latest period presented.

### **Additional disclosures**

- 41 An entity shall disclose the following information in the notes in the period in which a non-current asset (or disposal group) has been either classified as held for sale or sold:
- (a) a description of the non-current asset (or disposal group);
  - (b) a description of the facts and circumstances of the sale, or leading to the expected disposal, and the expected manner and timing of that disposal;
  - (c) the gain or loss recognised in accordance with paragraphs 20–22 and, if not separately presented in the statement of comprehensive income, the caption in the statement of comprehensive income that includes that gain or loss;
- 42 If either paragraph 26 or paragraph 29 applies, an entity shall disclose, in the period of the decision to change the plan to sell the non-current asset (or disposal group), a description of the facts and circumstances leading to the decision and the effect of the decision on the results of operations for the period and any prior periods presented.

## **AASB 6 *Exploration for and Evaluation of Mineral Resources***

The following are the disclosures proposed to be identified in Appendix C of AASB 6 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 6.*

- AusC1**      **The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 6 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**
- AusC2      Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 6 that are not required by this appendix.
- AusC3      The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusC4      With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### **Disclosure**

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- 24      an entity shall disclose:
- (b)      the amounts of assets, liabilities, income and expense and operating and investing cash flows arising from the exploration for and evaluation of mineral resources.
- 25      An entity shall treat exploration and evaluation assets as a separate class of assets

## **AASB 7 Financial Instruments: Disclosures**

The following are the disclosures proposed to be identified in Appendix D of AASB 7 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 7.*

- AusD1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 7 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusD2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 7 that are not required by this appendix.
- AusD3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusD4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## **Significance of financial instruments for financial position and performance**

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### **Statement of financial position**

#### **Categories of financial assets and financial liabilities**

- 8 The carrying amounts of each of the following categories, as defined in AASB 9, shall be disclosed either in the statement of financial position or in the notes:
- (a) financial assets measured at fair value through profit or loss,
  - (e) financial liabilities at fair value through profit or loss,
  - (f) financial assets measured at amortised cost.
  - (g) financial liabilities measured at amortised cost.
  - (h) financial assets measured at fair value through other comprehensive income,

#### **Financial assets or financial liabilities at fair value through profit or loss**

- 10 If the entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of AASB 9 and is required to present the effects of changes in that liability's credit risk in other comprehensive income, it shall disclose:
- (b) the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.
- 10A If an entity has designated a financial liability as at fair value through profit or loss in accordance with paragraph 4.2.2 of AASB 9 and is required to present all changes in the fair value of that liability (including the effects of changes in the credit risk of the liability) in profit or loss (see paragraphs 5.7.7 and 5.7.8 of AASB 9), it shall disclose:
- (b) the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.

#### **Collateral**

- 14 An entity shall disclose:

- (a) the carrying amount of financial assets it has pledged as collateral for liabilities or contingent liabilities,
- (b) the terms and conditions relating to its pledge.

### **Compound financial instruments with multiple embedded derivatives**

- 17 If an entity has issued an instrument that contains both a liability and an equity component (see paragraph 28 of AASB 132) and the instrument has multiple embedded derivatives whose values are interdependent (such as a callable convertible debt instrument), it shall disclose the existence of those features.

### **Defaults and breaches**

- 18 For *loans payable* recognised at the end of the reporting period, an entity shall disclose:
- (b) the carrying amount of the loans payable in default at the end of the reporting period; and
  - (c) whether the default was remedied, or the terms of the loans payable were renegotiated, before the financial statements were authorised for issue.
- 19 If, during the period, there were breaches of loan agreement terms other than those described in paragraph 18, an entity shall disclose the same information as required by paragraph 18 if those breaches permitted the lender to demand accelerated repayment (unless the breaches were remedied, or the terms of the loan were renegotiated, on or before the end of the reporting period).

### **Other disclosures**

#### **Hedge accounting**

- 21C When paragraphs 22A–24F require the entity to separate by risk category the information disclosed, the entity shall determine each risk category on the basis of the risk exposures an entity decides to hedge and for which hedge accounting is applied. An entity shall determine risk categories consistently for all hedge accounting disclosures.

#### *The risk management strategy*

- 22A An entity shall explain its risk management strategy for each risk category of risk exposures that it decides to hedge and for which hedge accounting is applied.
- 22B To meet the requirements in paragraph 22A, the information should include (but is not limited to) a description of:
- (a) the hedging instruments that are used (and how they are used) to hedge risk exposures;
  - (b) how the entity determines the economic relationship between the hedged item and the hedging instrument for the purpose of assessing hedge effectiveness; and
  - (c) how the entity establishes the hedge ratio and what the sources of hedge ineffectiveness are.

#### *The amount, timing and uncertainty of future cash flows*

- 23A Unless exempted by paragraph 23C, an entity shall disclose by risk category quantitative information to allow users of its financial statements to evaluate the terms and conditions of hedging instruments and how they affect the amount, timing and uncertainty of future cash flows of the entity.
- 23B To meet the requirement in paragraph 23A, an entity shall provide a breakdown that discloses:
- (a) a profile of the timing of the nominal amount of the hedging instrument; and
  - (b) if applicable, the average price or rate (for example strike or forward prices etc) of the hedging instrument.
- 23C In situations in which an entity frequently resets (ie discontinues and restarts) hedging relationships because both the hedging instrument and the hedged item frequently change (ie the entity uses a dynamic process in which both the exposure and the hedging instruments used to manage that exposure do not remain the same for long—such as in the example in paragraph B6.5.24(b) of AASB 9) the entity:
- (a) is exempt from providing the disclosures required by paragraphs 23A and 23B.
  - (b) shall disclose:

- (i) information about what the ultimate risk management strategy is in relation to those hedging relationships;
- (ii) a description of how it reflects its risk management strategy by using hedge accounting and designating those particular hedging relationships; and
- (iii) an indication of how frequently the hedging relationships are discontinued and restarted as part of the entity's process in relation to those hedging relationships.

### *The effects of hedge accounting on financial position and performance*

- 24A An entity shall disclose the following amounts related to items designated as hedging instruments separately by risk category for each type of hedge (fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation):
- (a) the carrying amount of the hedging instruments (financial assets separately from financial liabilities);
  - (d) the nominal amounts (including quantities such as tonnes or cubic metres) of the hedging instruments.

### **Fair value**

- 29 Disclosures of fair value are not required:
- (a) when the carrying amount is a reasonable approximation of fair value, for example, for financial instruments such as short-term trade receivables and payables;
  - (b) [deleted by IASB]
  - (c) for a contract containing a discretionary participation feature (as described in AASB 4) if the fair value of that feature cannot be measured reliably.

## **Nature and extent of risks arising from financial instruments**

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- 32 The disclosures required by paragraphs 33–42 focus on the risks that arise from financial instruments and how they have been managed. These risks typically include, but are not limited to, credit risk, *liquidity risk* and market risk.
- 32A Providing qualitative disclosures in the context of quantitative disclosures enables users to link related disclosures and hence form an overall picture of the nature and extent of risks arising from financial instruments. The interaction between qualitative and quantitative disclosures contributes to disclosure of information in a way that better enables users to evaluate an entity's exposure to risks.

### **Qualitative disclosures**

- 33 For each type of risk arising from financial instruments, an entity shall disclose:
- (a) the exposures to risk and how they arise;
  - (b) its objectives, policies and processes for managing the risk and the methods used to measure the risk; and

### **Quantitative disclosures**

- 34 For each type of risk arising from financial instruments, an entity shall disclose:
- (a) summary quantitative data about its exposure to that risk at the end of the reporting period. This disclosure shall be based on the information provided internally to key management personnel of the entity (as defined in AASB 124 *Related Party Disclosures*), for example the entity's board of directors or chief executive officer.

### **Credit risk**

#### *Scope and objectives*

- 35A An entity shall apply the disclosure requirements in paragraphs 35F–35N to financial instruments to which the impairment requirements in AASB 9 are applied.

- 35C An entity need not duplicate information that is already presented elsewhere, provided that the information is incorporated by cross-reference from the financial statements to other statements, such as a management commentary or risk report that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.

#### *The credit risk management practices*

- 35F An entity shall explain its credit risk management practices and how they relate to the recognition and measurement of expected credit losses. To meet this objective an entity shall disclose information that enables users of financial statements to understand and evaluate:
- (a) how an entity determined whether the credit risk of financial instruments has increased significantly since initial recognition,
  - (d) how an entity determined that financial assets are credit-impaired financial assets;
  - (e) an entity's write-off policy, including the indicators that there is no reasonable expectation of recovery and information about the policy for financial assets that are written-off but are still subject to enforcement activity; and
- 35G An entity shall explain the inputs, assumptions and estimation techniques used to apply the requirements in Section 5.5 of AASB 9. For this purpose an entity shall disclose:
- (b) changes in the estimation techniques or significant assumptions made during the reporting period and the reasons for those changes.

#### *Quantitative and qualitative information about amounts arising from expected credit losses*

- 35L An entity shall disclose the contractual amount outstanding on financial assets that were written off during the reporting period and are still subject to enforcement activity.

#### *Collateral and other credit enhancements obtained*

- 38 When an entity obtains financial or non-financial assets during the period by taking possession of collateral it holds as security or calling on other credit enhancements (eg guarantees), and such assets meet the recognition criteria in other Standards, an entity shall disclose for such assets held at the reporting date:
- (a) the nature and carrying amount of the assets; and
  - (b) when the assets are not readily convertible into cash, its policies for disposing of such assets or for using them in its operations.

## **Initial application of AASB 9**

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- 42I In the reporting period that includes the date of initial application of AASB 9, the entity shall disclose the following information for each class of financial assets and financial liabilities as at the date of initial application:
- (a) the original measurement category and carrying amount determined in accordance with AASB 139 or in accordance with a previous version of AASB 9 (if the entity's chosen approach to applying AASB 9 involves more than one date of initial application for different requirements);
  - (b) the new measurement category and carrying amount determined in accordance with AASB 9;
- In accordance with paragraph 7.2.2 of AASB 9, depending on the entity's chosen approach to applying AASB 9, the transition can involve more than one date of initial application. Therefore this paragraph may result in disclosure on more than one date of initial application. An entity shall present these quantitative disclosures in a table unless another format is more appropriate.
- 42Q In the reporting period that includes the date of initial application of AASB 9, an entity is not required to disclose the line item amounts that would have been reported in accordance with the classification and measurement requirements (which includes the requirements related to amortised cost measurement of financial assets and impairment in Sections 5.4 and 5.5 of AASB 9) of:
- (a) AASB 9 for prior periods; and
  - (b) AASB 139 for the current period.

## **Appendix B**

### **Nature and extent of risks arising from financial instruments (paragraphs 31–42)**

- B6 The disclosures required by paragraphs 31–42 shall be either given in the financial statements or incorporated by cross-reference from the financial statements to some other statement, such as a management commentary or risk report, that is available to users of the financial statements on the same terms as the financial statements and at the same time. Without the information incorporated by cross-reference, the financial statements are incomplete.

#### **Credit risk management practices (paragraphs 35F–35G)**

- B8C Paragraph 35G(a) requires the disclosure of information about the basis of inputs and assumptions and the estimation techniques used to apply the impairment requirements in AASB 9. An entity's assumptions and inputs used to measure expected credit losses or determine the extent of increases in credit risk since initial recognition may include information obtained from internal historical information or rating reports and assumptions about the expected life of financial instruments and the timing of the sale of collateral.

## AASB 12 *Disclosure of Interests in Other Entities*

The following are the disclosures proposed to be identified in Appendix F of AASB 12 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 12.*

- AusF1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 12 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusF2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 12 that are not required by this appendix.
- AusF3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusF4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Significant judgements and assumptions

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- 9 an entity shall disclose, for example, significant judgements and assumptions made in determining that:
- it does not control another entity even though it holds more than half of the voting rights of the other entity.
  - it controls another entity even though it holds less than half of the voting rights of the other entity.
  - it is an agent or a principal (see paragraphs B58–B72 of AASB 10).
  - it does not have significant influence even though it holds 20 per cent or more of the voting rights of another entity.
  - it has significant influence even though it holds less than 20 per cent of the voting rights of another entity.

## Investment entity status

- 9A** When a parent determines that it is an investment entity in accordance with paragraph 27 of AASB 10, the investment entity shall disclose information about significant judgements and assumptions it has made in determining that it is an investment entity. If the investment entity does not have one or more of the typical characteristics of an investment entity (see paragraph 28 of AASB 10), it shall disclose its reasons for concluding that it is nevertheless an investment entity.
- 9B** When an entity becomes, or ceases to be, an investment entity, it shall disclose the change of investment entity status and the reasons for the change. In addition, an entity that becomes an investment entity shall disclose the effect of the change of status on the financial statements for the period presented,

## Interests in subsidiaries

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### The interest that non-controlling interests have in the group's activities and cash flows

- 12 An entity shall disclose for each of its subsidiaries that have non-controlling interests that are material to the reporting entity:
- the name of the subsidiary.
  - the proportion of ownership interests held by non-controlling interests.

- (d) the proportion of voting rights held by non-controlling interests, if different from the proportion of ownership interests held.

## **The nature and extent of significant restrictions**

- 13 An entity shall disclose:
- (a) significant restrictions (eg statutory, contractual and regulatory restrictions) on its ability to access or use the assets and settle the liabilities of the group, such as:
    - (i) those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the group.
    - (ii) guarantees or other requirements that may restrict dividends and other capital distributions being paid, or loans and advances being made or repaid, to (or from) other entities within the group.
  - (b) the nature and extent to which protective rights of non-controlling interests can significantly restrict the entity's ability to access or use the assets and settle the liabilities of the group (such as when a parent is obliged to settle liabilities of a subsidiary before settling its own liabilities, or approval of non-controlling interests is required either to access the assets or to settle the liabilities of a subsidiary).
  - (c) the carrying amounts in the consolidated financial statements of the assets and liabilities to which those restrictions apply.

## **Nature of the risks associated with an entity's interests in consolidated structured entities**

- 14 An entity shall disclose the terms of any contractual arrangements that could require the parent or its subsidiaries to provide financial support to a consolidated structured entity, including events or circumstances that could expose the reporting entity to a loss (eg liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or provide financial support).
- 15 If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a consolidated structured entity (eg purchasing assets of or instruments issued by the structured entity), the entity shall disclose:
- (a) the type and amount of support provided, including situations in which the parent or its subsidiaries assisted the structured entity in obtaining financial support; and
  - (b) the reasons for providing the support.
- 16 If during the reporting period a parent or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to a previously unconsolidated structured entity and that provision of support resulted in the entity controlling the structured entity, the entity shall disclose an explanation of the relevant factors in reaching that decision.
- 17 An entity shall disclose any current intentions to provide financial or other support to a consolidated structured entity, including intentions to assist the structured entity in obtaining financial support.

## **Interests in unconsolidated subsidiaries (investment entities)**

- 19B For each unconsolidated subsidiary, an investment entity shall disclose:
- (a) the subsidiary's name;
- 19D An investment entity shall disclose:
- (a) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements, regulatory requirements or contractual arrangements) on the ability of an unconsolidated subsidiary to transfer funds to the investment entity in the form of cash dividends or to repay loans or advances made to the unconsolidated subsidiary by the investment entity; and
  - (b) any current commitments or intentions to provide financial or other support to an unconsolidated subsidiary, including commitments or intentions to assist the subsidiary in obtaining financial support.
- 19E If, during the reporting period, an investment entity or any of its subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated subsidiary

(eg purchasing assets of, or instruments issued by, the subsidiary or assisting the subsidiary in obtaining financial support), the entity shall disclose:

- (a) the type and amount of support provided to each unconsolidated subsidiary; and
  - (b) the reasons for providing the support.
- 19F An investment entity shall disclose the terms of any contractual arrangements that could require the entity or its unconsolidated subsidiaries to provide financial support to an unconsolidated, controlled, structured entity, including events or circumstances that could expose the reporting entity to a loss (eg liquidity arrangements or credit rating triggers associated with obligations to purchase assets of the structured entity or to provide financial support).
- 19G If during the reporting period an investment entity or any of its unconsolidated subsidiaries has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated, structured entity that the investment entity did not control, and if that provision of support resulted in the investment entity controlling the structured entity, the investment entity shall disclose an explanation of the relevant factors in reaching the decision to provide that support.

## **Interests in joint arrangements and associates**

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### **Nature, extent and financial effects of an entity's interests in joint arrangements and associates**

- 21 An entity shall disclose:
- (a) for each joint arrangement and associate that is material to the reporting entity:
    - (i) the name of the joint arrangement or associate.
    - (ii) the nature of the entity's relationship with the joint arrangement or associate
    - (iv) the proportion of ownership interest or participating share held by the entity and, if different, the proportion of voting rights held (if applicable).
- 22 An entity shall also disclose:
- (a) the nature and extent of any significant restrictions (eg resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with joint control or significant influence over a joint venture or an associate) on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity.

### **Risks associated with an entity's interests in joint ventures and associates**

- 23 An entity shall disclose:
- (a) commitments that it has relating to its joint ventures separately from the amount of other commitments as specified in paragraphs B18–B20.

## **Interests in unconsolidated structured entities**

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### **Nature of interests**

- 26 An entity shall disclose qualitative and quantitative information about its interests in unconsolidated structured entities, including, but not limited to, the nature, purpose, size and activities of the structured entity and how the structured entity is financed.

### **Nature of risks**

- 29 An entity shall disclose, a summary of:
- (c) the amount that best represents the entity's maximum exposure to loss from its interests in unconsolidated structured entities, including how the maximum exposure to loss is determined. If an entity cannot quantify its maximum exposure to loss from its interests in unconsolidated structured entities it shall disclose that fact and the reasons.

- 30 If during the reporting period an entity has, without having a contractual obligation to do so, provided financial or other support to an unconsolidated structured entity in which it previously had or currently has an interest (for example, purchasing assets of or instruments issued by the structured entity), the entity shall disclose:
- (a) the type and amount of support provided, including situations in which the entity assisted the structured entity in obtaining financial support; and
  - (b) the reasons for providing the support.
- 31 An entity shall disclose any current intentions to provide financial or other support to an unconsolidated structured entity, including intentions to assist the structured entity in obtaining financial support.

## Appendix B

### Commitments for joint ventures (paragraph 23(a))

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- B18 An entity shall disclose total commitments it has made but not recognised at the reporting date (including its share of commitments made jointly with other investors with joint control of a joint venture) relating to its interests in joint ventures. Commitments are those that may give rise to a future outflow of cash or other resources.
- B19 Unrecognised commitments that may give rise to a future outflow of cash or other resources include:
- (a) unrecognised commitments to contribute funding or resources as a result of, for example:
    - (i) the constitution or acquisition agreements of a joint venture (that, for example, require an entity to contribute funds over a specific period).
    - (ii) capital-intensive projects undertaken by a joint venture.
    - (iii) unconditional purchase obligations, comprising procurement of equipment, inventory or services that an entity is committed to purchasing from, or on behalf of, a joint venture.
    - (iv) unrecognised commitments to provide loans or other financial support to a joint venture.
    - (v) unrecognised commitments to contribute resources to a joint venture, such as assets or services.
    - (vi) other non-cancellable unrecognised commitments relating to a joint venture.
  - (b) unrecognised commitments to acquire another party's ownership interest (or a portion of that ownership interest) in a joint venture if a particular event occurs or does not occur in the future.
- B20 The requirements and examples in paragraphs B18 and B19 illustrate some of the types of disclosure required by paragraph 18 of AASB 124 *Related Party Disclosures*.

## AASB 13 Fair Value Measurement

The following are the disclosures proposed to be identified in Appendix E of AASB 13 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 13.*

- AusE1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 13 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusE2 Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 13 that are not required by this appendix.
- AusE3 The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusE4 With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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- 93 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 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).
  - (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.
  - (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.
- 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 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.

## AASB 14 *Regulatory Deferral Accounts*

The following are the disclosures proposed to be identified in Appendix D of AASB 14 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 14.*

- AusD1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 14 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusD2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 14 that are not required by this appendix.
- AusD3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusD4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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### Explanation of activities subject to rate regulation

- 30 To help a user of the financial statements assess the nature of, and the risks associated with, the entity's rate-regulated activities, an entity shall, for each type of rate-regulated activity, disclose:
- (a) a brief description of the nature and extent of the rate-regulated activity and the nature of the regulatory rate-setting process;
  - (c) how the future recovery of each class (ie each type of cost or income) of regulatory deferral account debit balance or reversal of each class of regulatory deferral account credit balance is affected by risks and uncertainty, for example:
    - (i) demand risk (for example, changes in consumer attitudes, the availability of alternative sources of supply or the level of competition);
    - (ii) regulatory risk (for example, the submission or approval of a rate-setting application or the entity's assessment of the expected future regulatory actions); and
    - (iii) other risks (for example, currency or other market risks).

### Explanation of recognised amounts

- 36 When an entity concludes that a regulatory deferral account balance is no longer fully recoverable or reversible, it shall disclose that fact, the reason why it is not recoverable or reversible and the amount by which the regulatory deferral account balance has been reduced.

## AASB 15 Revenue from Contracts with Customers

The following are the disclosures proposed to be identified in Appendix E of AASB 15 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 15.*

- AusE1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 15 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusE2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 15 that are not required by this appendix.
- AusE3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusE4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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### Contracts with customers

- 113 An entity shall disclose all of the following amounts for the reporting period unless those amounts are presented separately in the statement of comprehensive income in accordance with other Standards:
- (a) revenue recognised from contracts with customers, which the entity shall disclose separately from its other sources of revenue; and
  - (b) any impairment losses recognised (in accordance with AASB 9) on any receivables or contract assets arising from an entity's contracts with customers, which the entity shall disclose separately from impairment losses from other contracts.

### Disaggregation of revenue

- 114 An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. An entity shall apply the guidance in paragraphs B87–B89 when selecting the categories to use to disaggregate revenue.

### Contract balances

- 116 An entity shall disclose all of the following:
- (a) the closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed;

### Performance obligations

- 119 An entity shall disclose information about its performance obligations in contracts with customers, including a description of all of the following:
- (a) when the entity typically satisfies its performance obligations (for example, upon shipment, upon delivery, as services are rendered or upon completion of service), including when performance obligations are satisfied in a bill-and-hold arrangement;
  - (b) the significant payment terms (for example, when payment is typically due, whether the contract has a significant financing component, whether the consideration amount is variable and whether the estimate of variable consideration is typically constrained in accordance with paragraphs 56-58);

- (d) obligations for returns, refunds and other similar obligations; and
- (e) types of warranties and related obligations.

## **Significant judgements in the application of this Standard**

- 123 An entity shall disclose the judgements, and changes in the judgements, made in applying this Standard that significantly affect the determination of the amount and timing of revenue from contracts with customers. In particular, an entity shall explain the judgements, and changes in the judgements, used in determining both of the following:
- (a) the timing of satisfaction of performance obligations (see paragraphs 124–125); and
  - (b) the transaction price and the amounts allocated to performance obligations (see paragraph 126).

### **Determining the timing of satisfaction of performance obligations**

- 124 For performance obligations that an entity satisfies over time, an entity shall disclose both of the following:
- (a) the methods used to recognise revenue (for example, a description of the output methods or input methods used and how those methods are applied); and
- 125 For performance obligations satisfied at a point in time, an entity shall disclose the significant judgements made in evaluating when a customer obtains control of promised goods or services.

### **Determining the transaction price and the amounts allocated to performance obligations**

- 126 An entity shall disclose information about the methods, inputs and assumptions used for all of the following:
- (a) determining the transaction price, which includes, but is not limited to, estimating variable consideration, adjusting the consideration for the effects of the time value of money and measuring non-cash consideration;
  - (b) assessing whether an estimate of variable consideration is constrained;
  - (c) allocating the transaction price, including estimating stand-alone selling prices of promised goods or services and allocating discounts and variable consideration to a specific part of the contract (if applicable); and
  - (d) measuring obligations for returns, refunds and other similar obligations.

## **Assets recognised from the costs to obtain or fulfil a contract with a customer**

- 127 An entity shall describe both of the following:
- (a) the judgements made in determining the amount of the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraph 91 or 95); and
  - (b) the method it uses to determine the amortisation for each reporting period.
- 128 An entity shall disclose all of the following:
- (a) the closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraph 91 or 95); and
  - (b) the amount of amortisation and any impairment losses recognised in the reporting period.

## **Appendix B Application Guidance**

### **Disclosure of disaggregated revenue**

- B88 When selecting the type of category (or categories) to use to disaggregate revenue, an entity shall consider how information about the entity's revenue has been presented for other purposes, including all of the following:
- (a) disclosures presented outside the financial statements (for example, in earnings releases, annual reports or investor presentations);

- (b) information regularly reviewed by the chief operating decision maker for evaluating the financial performance of operating segments; and
- (c) other information that is similar to the types of information identified in paragraph B88(a) and (b) and that is used by the entity or users of the entity's financial statements to evaluate the entity's financial performance or make resource allocation decisions.

**B89** Examples of categories that might be appropriate include, but are not limited to, all of the following:

- (a) type of good or service (for example, major product lines);
- (b) geographical region (for example, country or region);
- (c) market or type of customer (for example, government and non-government customers);
- (d) type of contract (for example, fixed-price and time-and-materials contracts);
- (e) contract duration (for example, short-term and long-term contracts);
- (f) timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time); and
- (g) sales channels (for example, goods sold directly to consumers and goods sold through intermediaries).

## AASB 16 Leases

The following are the disclosures proposed to be identified in Appendix E of AASB 16 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 16.*

- AusE1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 16 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusE2 Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 16 that are not required by this appendix.
- AusE3 The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusE4 With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Lessee

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### Disclosure

- 51** The objective of the disclosures is for lessees to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee. Paragraphs 52–60 specify requirements on how to meet this objective.
- 53 A lessee shall disclose the following amounts for the reporting period:
- (a) depreciation charge for right-of-use assets;
  - (b) interest expense on lease liabilities;
  - (c) the expense relating to short-term leases accounted for applying paragraph 6. This expense need not include the expense relating to leases with a lease term of one month or less;
  - (d) the expense relating to leases of low-value assets accounted for applying paragraph 6. This expense shall not include the expense relating to short-term leases of low-value assets included in paragraph 53(c);
  - (e) the expense relating to variable lease payments not included in the measurement of lease liabilities;
  - (f) income from subleasing right-of-use assets;
  - (g) total cash outflow for leases;
  - (i) gains or losses arising from sale and leaseback transactions; and
  - (j) the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset.
- 55 A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 53(c) relates.
- 56 If right-of-use assets meet the definition of investment property, a lessee shall apply the disclosure requirements in AASB 140. In that case, a lessee is not required to provide the disclosures in paragraph 53(a), (f), (h) or (j) for those right-of-use assets.
- 57 If a lessee measures right-of-use assets at revalued amounts applying AASB 16, the lessee shall disclose the information required by paragraph 77 of AASB 16 for those right-of-use assets.

- 59 In addition to the disclosures required in paragraphs 53–58, a lessee shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 51 (as described in paragraph B48). This additional information may include, but is not limited to, information that helps users of financial statements to assess:
- (a) the nature of the lessee’s leasing activities;
  - (b) future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:
    - (i) variable lease payments (as described in paragraph B49);
    - (ii) extension options and termination options (as described in paragraph B50);
    - (iii) residual value guarantees (as described in paragraph B51); and
    - (iv) leases not yet commenced to which the lessee is committed.
  - (c) restrictions or covenants imposed by leases; and
  - (d) sale and leaseback transactions (as described in paragraph B52).

## Lessor

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### Disclosure

- 89 **The objective of the disclosures is for lessors to disclose information in the notes that, together with the information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessor. Paragraphs 90–97 specify requirements on how to meet this objective.**
- 90 A lessor shall disclose the following amounts for the reporting period:
- (a) for finance leases:
    - (i) selling profit or loss;
    - (ii) finance income on the net investment in the lease; and
    - (iii) income relating to variable lease payments not included in the measurement of the net investment in the lease.
  - (b) for operating leases, lease income,
- 92 A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in paragraph 89. This additional information includes, but is not limited to, information that helps users of financial statements to assess:
- (a) the nature of the lessor’s leasing activities; and
  - (b) how the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.

### Finance leases

- 93 A lessor shall provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases.
- 94 A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.

### Operating leases

- 97 A lessor shall disclose a maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.

## Appendix B

### Lessee disclosures (paragraph 59)

- B49 Additional information relating to variable lease payments that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:
- (a) the lessee's reasons for using variable lease payments and the prevalence of those payments;
  - (b) the relative magnitude of variable lease payments to fixed payments;
  - (c) key variables upon which variable lease payments depend and how payments are expected to vary in response to changes in those key variables; and
  - (d) other operational and financial effects of variable lease payments.
- B50 Additional information relating to extension options or termination options that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:
- (c) the prevalence of the exercise of options that were not included in the measurement of lease liabilities; and
- B51 Additional information relating to residual value guarantees that, depending on the circumstances, may be needed to satisfy the disclosure objective in paragraph 51 could include information that helps users of financial statements to assess, for example:
- (c) the nature of underlying assets for which those guarantees are provided; and

## **AASB 101 Presentation of Financial Statements**

The following are the disclosures proposed to be identified in Appendix B of AASB 101 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 101.*

- AusB1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 101 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusB2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 101 that are not required by this appendix.
- AusB3** AASB 101 prescribes the basis for the presentation of general purpose financial statements, to ensure comparability both with the entity’s financial statements of previous periods and with the financial statements of other entities. The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements when Tier 2 entities present general purpose financial statements under those requirements. As a consequence, the presentation requirements for Tier 1 and Tier 2 entities, including the presentation requirements of AASB 101, are the same, except that paragraph 10(f) of this Standard does not apply to Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements, because a third statement of financial position is required only of Tier 1 entities in certain circumstances.
- AusB4** AASB 101 sets out overall requirements for the presentation of financial statements, considerations for their structure and minimum requirements for their content. For example, paragraph 17 explains how fair presentation is achieved. Other paragraphs address going concern, accrual basis of accounting, consistency of presentation, materiality and aggregation, offsetting and comparative information. All of these requirements apply to Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements. For example, paragraphs in AASB 101 that apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements include paragraphs , 17, 18, 19, Aus19.1, 54, 55, 55A, 56, 60, 65, 81A, 81B, 82, 82A, 85B, 87 and Aus136.1.
- AusB5** In disclosing significant accounting policies relating to transactions and other events accounted for under Australian Accounting Standards, Tier 2 entities should refer to this Standard for relevant disclosure requirements. Should the entity assess that under this Standard disclosure of a significant accounting policy relating to transactions or other events dealt with under another Standard would be required, the entity might refer to disclosure requirements in the main body of that other Standard, if any, for guidance.
- AusB6** RDR paragraphs in this appendix apply only to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.

### **Complete set of financial statements**

- RDR 10.1** Notwithstanding paragraph 10, a complete set of financial statements for Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements comprises the requirements of paragraph 10 except for the paragraph 10(f) requirement to prepare a statement of financial position at the beginning of the preceding period.

### **General features**

#### **Fair presentation and compliance with Standards**

- RDR 15.1** Financial statements shall present fairly the financial position, financial performance and cash flows of an entity applying Australian Accounting Standards – Reduced Disclosure Requirements. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Framework*. The application of the Australian Accounting Standards Reduced Disclosure Requirements, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

**RDR 16.1 Entities applying Australian Accounting Standards – Reduced Disclosure Requirements would not be able to state compliance with IFRSs.**

- 17 In virtually all circumstances, an entity achieves a fair presentation by compliance with applicable Australian Accounting Standards. A fair presentation also requires an entity:
- (a) to select and apply accounting policies in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. AASB 108 sets out a hierarchy of authoritative guidance that management considers in the absence of an Australian Accounting Standard that specifically applies to an item.
  - (b) to present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information.
  - (c) to provide additional disclosures when compliance with the specific requirements in Australian Accounting Standards is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.
- 18 **An entity cannot rectify inappropriate accounting policies either by disclosure of the accounting policies used or by notes or explanatory material.**
- 19 **In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*, the entity shall depart from that requirement in the manner set out in paragraph 20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.**
- Aus19.1 **In relation to paragraph 19, the following shall not depart from a requirement in an Australian Accounting Standard:**
- (a) entities required to prepare financial reports under Part 2M.3 of the Corporations Act;
  - (b) private and public sector not-for-profit entities; and
  - (c) entities applying Australian Accounting Standards – Reduced Disclosure Requirements.
- 23 **In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:**
- (a) the title of the Australian Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the *Framework*; and
  - (b) for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.

*Change in accounting policy, retrospective restatement or reclassification*

- 41 **If an entity changes the presentation or classification of items in its financial statements, it shall reclassify comparative amounts unless reclassification is impracticable. When an entity reclassifies comparative amounts, it shall disclose:**
- (a) the nature of the reclassification;
  - (b) the amount of each item or class of items that is reclassified; and
  - (c) the reason for the reclassification.
- 42 **When it is impracticable to reclassify comparative amounts, an entity shall disclose:**
- (a) the reason for not reclassifying the amounts;

**Statement of financial position**

**Current/non-current distinction**

- 60 **An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position in accordance with paragraphs 66–76**

except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in order of liquidity.

**61** Whichever method of presentation is adopted, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

(a) no more than twelve months after the reporting period, and

(b) more than twelve months after the reporting period.

**65** Information about expected dates of realisation of assets and liabilities is useful in assessing the liquidity and solvency of an entity. AASB 7 *Financial Instruments: Disclosures* requires disclosure of the maturity dates of financial assets and financial liabilities. Financial assets include trade and other receivables, and financial liabilities include trade and other payables. Information on the expected date of recovery of non-monetary assets such as inventories and expected date of settlement for liabilities such as provisions is also useful, whether assets and liabilities are classified as current or as non-current. For example, an entity discloses the amount of inventories that are expected to be recovered more than twelve months after the reporting period.

### **Current liabilities**

**76** In respect of loans classified as current liabilities, if the following events occur between the end of the reporting period and the date the financial statements are authorised for issue, those events are disclosed as non-adjusting events in accordance with AASB 110 *Events after the Reporting Period*:

(a) refinancing on a long-term basis;

(b) rectification of a breach of a long-term loan arrangement; and

(c) the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement ending at least twelve months after the reporting period.

### **Information to be presented either in the statement of financial position or in the notes**

**77** An entity shall disclose, either in the statement of financial position or in the notes, further subclassifications of the line items presented, classified in a manner appropriate to the entity's operations.

**79** An entity shall disclose the following, either in the statement of financial position or the statement of changes in equity, or in the notes:

(a) for each class of share capital:

(ii) the number of shares issued

(v) the rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital;

**RDR 80.1** An entity applying Australian Accounting Standards – Reduced Disclosure Requirements without share capital, such as a partnership or trust, shall disclose the rights, preferences and restrictions attaching to its equity capital.

**80A** If an entity has reclassified

(a) a puttable financial instrument classified as an equity instrument, or

(b) an instrument that imposes on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation and is classified as an equity instrument

between financial liabilities and equity, it shall disclose the amount reclassified into and out of each category (financial liabilities or equity), and reason for that reclassification.

### **Statement of profit or loss and other comprehensive income**

**81A** The statement of profit or loss and other comprehensive income (statement of comprehensive income) shall present, in addition to the profit or loss and other comprehensive income sections:

(a) profit or loss;

(b) total other comprehensive income;

- (c) **comprehensive income for the period, being the total of profit or loss and other comprehensive income.**

**If an entity presents a separate statement of profit or loss it does not present the profit or loss section in the statement presenting comprehensive income.**

### **Information to be presented in the profit or loss section of the statement of profit or loss**

- 82 In addition to items required by other Australian Accounting Standards, the profit or loss section or the statement of profit or loss shall include line items that present the following amounts for the period:**
- (a) **revenue, presenting separately interest revenue calculated using the effective interest method;**
  - (aa) **gains and losses arising from the derecognition of financial assets measured at amortised cost;**
  - (b) **finance costs;**
  - (ba) **impairment losses (including reversals of impairment losses or impairment gains) determined in accordance with Section 5.5 of AASB 9;**
  - (c) **share of the profit or loss of associates and joint ventures accounted for using the equity method;**
  - (ca) **if a financial asset is reclassified out of the amortised cost measurement category so that it is measured at fair value through profit or loss, any gain or loss arising from a difference between the previous amortised cost of the financial asset and its fair value at the reclassification date (as defined in AASB 9);**
  - (cb) **if a financial asset is reclassified out of the fair value through other comprehensive income measurement category so that it is measured at fair value through profit or loss, any cumulative gain or loss previously recognised in other comprehensive income that is reclassified to profit or loss;**
  - (d) **tax expense;**
  - (ea) **a single amount for the total of discontinued operations (see AASB 5).**
- 85B An entity shall present line items in the statement(s) presenting profit or loss and other comprehensive income that reconcile any subtotals presented in accordance with paragraph 85 with the subtotals or totals required in Australian Accounting Standards for such statement(s).**

### **Other comprehensive income for the period**

- RDR 90.1 An entity applying Australian Accounting Standards – Reduced Disclosure Requirements shall disclose the aggregate amount of income tax relating to items recognised in other comprehensive income.**

### **Information to be presented in the statement(s) of profit or loss and other comprehensive income or in the notes**

- 97 When items of income or expense are material, an entity shall disclose their nature and amount separately.**
- 98 Circumstances that would give rise to the separate disclosure of items of income and expense include:**
- (a) **write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs;**
  - (b) **restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring;**
  - (c) **disposals of items of property, plant and equipment;**
  - (d) **disposals of investments;**
  - (e) **discontinued operations;**
  - (f) **litigation settlements; and**
  - (g) **other reversals of provisions.**

## Information to be presented in the statement of changes in equity or in the notes

- 107 **An entity shall present, either in the statement of changes in equity or in the notes, the amount of dividends recognised as distributions to owners during the period.**

## Disclosure of accounting policies

- 117 **An entity shall disclose its significant accounting policies comprising:**
- (a) **the measurement basis (or bases) used in preparing the financial statements; and**
  - (b) **the other accounting policies used that are relevant to an understanding of the financial statements.**
- 118 It is important for an entity to inform users of the measurement basis or bases used in the financial statements (for example, historical cost, current cost, net realisable value, fair value or recoverable amount) because the basis on which an entity prepares the financial statements significantly affects users' analysis. When an entity uses more than one measurement basis in the financial statements, for example when particular classes of assets are revalued, it is sufficient to provide an indication of the categories of assets and liabilities to which each measurement basis is applied.
- 119 In deciding whether a particular accounting policy should be disclosed, management considers whether disclosure would assist users in understanding how transactions, other events and conditions are reflected in reported financial performance and financial position. Each entity considers the nature of its operations and the policies that the users of its financial statements would expect to be disclosed for that type of entity. Disclosure of particular accounting policies is especially useful to users when those policies are selected from alternatives allowed in Australian Accounting Standards. An example is disclosure of whether an entity applies the fair value or cost model to its investment property (see AASB 140 *Investment Property*). Some Australian Accounting Standards specifically require disclosure of particular accounting policies, including choices made by management between different policies they allow. For example, AASB 116 requires disclosure of the measurement bases used for classes of property, plant and equipment.
- 121 An accounting policy may be significant because of the nature of the entity's operations even if amounts for current and prior periods are not material. It is also appropriate to disclose each significant accounting policy that is not specifically required by Australian Accounting Standards but the entity selects and applies in accordance with AASB 108.
- 122 **An entity shall along with its significant accounting policies or other notes, the judgements, apart from those involving estimations (see paragraph 125), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.**
- 123 In the process of applying the entity's accounting policies, management makes various judgements, apart from those involving estimations, that can significantly affect the amounts it recognises in the financial statements. For example, management makes judgements in determining:
- (a) [deleted];
  - (b) when substantially all the significant risks and rewards of ownership of financial assets and lease assets are transferred to other entities;
  - (c) whether, in substance, particular sales of goods are financing arrangements and therefore do not give rise to revenue; and
  - (d) whether the contractual terms of a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- 124 Some of the disclosures made in accordance with paragraph 122 are required by other Australian Accounting Standards. For example, AASB 12 *Disclosure of Interests in Other Entities* requires an entity to disclose the judgements it has made in determining whether it controls another entity. AASB 140 requires disclosure of the criteria developed by the entity to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, when classification of the property is difficult.

## Sources of estimation uncertainty

- 125 **An entity shall disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:**
- (a) **their nature, and**

- (b) **their carrying amount as at the end of the reporting period.**

### **Capital**

135 the entity discloses the following:

- (a) (ii) when an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital; and
- (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance.

The entity bases these disclosures on the information provided internally to key management personnel.

Aus136.1 The application of paragraphs 134–136 is limited to each entity that is required to prepare financial reports in accordance with Part 2M3 of the Corporations Act and that is a reporting entity.

### **Puttable financial instruments classified as equity**

136A **For puttable financial instruments classified as equity instruments, an entity shall disclose (to the extent not disclosed elsewhere):**

- (c) **the expected cash outflow on redemption or repurchase of that class of financial instruments; and**
- (d) **information about how the expected cash outflow on redemption or repurchase was determined.**

### **Other disclosures**

137 **An entity shall disclose in the notes:**

- (a) **the amount of dividends proposed or declared before the financial statements were authorised for issue but not recognised as a distribution to owners during the period; and**
- (b) **the amount of any cumulative preference dividends not recognised.**

138 **An entity shall disclose the following, if not disclosed elsewhere in information published with the financial statements:**

- (d) **if it is a limited life entity, information regarding the length of its life.**

## AASB 102 Inventories

The following are the disclosures proposed to be identified in Appendix B of AASB 102 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 102.*

- AusB1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 102 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusB2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 102 that are not required by this appendix.
- AusB3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusB4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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- 36** The financial statements shall disclose:
- (b)** the total carrying amount of inventories;
  - (d)** the amount of inventories recognised as an expense during the period;
  - (e)** the amount of any write-down of inventories recognised as an expense in the period in accordance with paragraph 34;
  - (f)** the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as expense in the period in accordance with paragraph 34;
  - (g)** the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph 34; and
  - (h)** the carrying amount of inventories pledged as security for liabilities.
- Aus36.1** Notwithstanding paragraph 36, in respect of not-for-profit entities, the financial statements shall disclose:
- (b)** the total carrying amount of inventories held for distribution
  - (d)** the amount of any write-down of inventories held for distribution recognised as an expense in the period in accordance with paragraph Aus34.1;
  - (e)** the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories held for distribution recognised as expense in the period in accordance with paragraph Aus34.1;
  - (f)** the circumstances or events that led to the reversal of a write-down of inventories held for distribution in accordance with paragraph Aus34.1;
  - (g)** the carrying amount of inventories held for distribution pledged as security for liabilities; and
- 38** The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consists of those costs previously included in the measurement of inventory that has now been sold and unallocated production overheads and abnormal amounts of production costs of inventories. The circumstances of the entity may also warrant the inclusion of other amounts, such as distribution costs.
- 39** Some entities adopt a format for profit or loss that results in amounts being disclosed other than the cost of inventories recognised as an expense during the period. Under this format, an entity presents an analysis of expenses using a classification based on the nature of expenses. In this case, the entity

discloses the costs recognised as an expense for raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period.

## AASB 107 Statement of Cash Flows

The following are the disclosures proposed to be identified in Appendix A of AASB 107 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 107.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 107 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 107 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Changes in ownership interests in subsidiaries and other businesses

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- 39** The aggregate cash flows arising from obtaining or losing control of subsidiaries or other businesses shall be presented separately and classified as investing activities
- 40** An entity shall disclose, in aggregate, in respect of both obtaining and losing control of subsidiaries or other businesses during the period each of the following:
- (a) the total consideration paid or received;
  - (b) the portion of the consideration consisting of cash and cash equivalents;
  - (c) the amount of cash and cash equivalents in the subsidiaries or other businesses over which control is obtained or lost; and
  - (d) the amount of the assets and liabilities other than cash or cash equivalents in the subsidiaries or other businesses over which control is obtained or lost, summarised by each major category.
- 40A** An investment entity, as defined in AASB 10 *Consolidated Financial Statements*, need not apply paragraphs 40(c) or 40(d) to an investment in a subsidiary that is required to be measured at fair value through profit or loss.
- 41** The separate presentation of the cash flow effects of obtaining or losing control of subsidiaries or other businesses as single line items, together with the separate disclosure of the amounts of assets and liabilities acquired or disposed of, helps to distinguish those cash flows from the cash flows arising from the other operating, investing and financing activities. The cash flow effects of losing control are not deducted from those of obtaining control.
- 42** The aggregate amount of the cash paid or received as consideration for obtaining or losing control of subsidiaries or other businesses is reported in the statement of cash flows net of cash and cash equivalents acquired or disposed of as part of such transactions, events or changes in circumstances.
- 42A** Cash flows arising from changes in ownership interests in a subsidiary that do not result in a loss of control shall be classified as cash flows from financing activities, unless the subsidiary is held by an investment entity, as defined in AASB 10, and is required to be measured at fair value through profit or loss.
- 42B** Changes in ownership interests in a subsidiary that do not result in a loss of control, such as the subsequent purchase or sale by a parent of a subsidiary's equity instruments, are accounted for as equity transactions (see AASB 10), unless the subsidiary is held by an investment entity and is required to be measured at fair value through profit or loss. Accordingly, the resulting cash flows are classified in the same way as other transactions with owners described in paragraph 17.

## Non-cash transactions

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- 43 **Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.**
- 44 Many investing and financing activities do not have a direct impact on current cash flows although they do affect the capital and asset structure of an entity. The exclusion of non-cash transactions from the statement of cash flows is consistent with the objective of a statement of cash flows as these items do not involve cash flows in the current period. Examples of non-cash transactions are:
- (a) the acquisition of assets either by assuming directly related liabilities or by means of a finance lease;
  - (b) the acquisition of an entity by means of an equity issue; and
  - (c) the conversion of debt to equity.

## Components of cash and cash equivalents

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- 45 **An entity shall disclose the components of cash and cash equivalents and shall present a reconciliation of the amounts in its statement of cash flows with the equivalent items reported in the statement of financial position.**
- 47 The effect of any change in the policy for determining components of cash and cash equivalents, for example, a change in the classification of financial instruments previously considered to be part of an entity's investment portfolio, is reported in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

## Other disclosures

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- 48 **An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the group.**
- 49 There are various circumstances in which cash and cash equivalent balances held by an entity are not available for use by the group. Examples include cash and cash equivalent balances held by a subsidiary that operates in a country where exchange controls or other legal restrictions apply when the balances are not available for general use by the parent or other subsidiaries.

## **AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors**

The following are the disclosures proposed to be identified in Appendix A of AASB 108 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 108.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 108 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 108 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** For disclosure requirements relating to changes in accounting policies, Tier 2 entities should refer to this Standard.

### **Accounting policies**

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#### **Disclosure**

- 28** When initial application of an Australian Accounting Standard has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:
- (a) the title of the Australian Accounting Standard;
  - (c) the nature of the change in accounting policy;
  - (f) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
    - (i) for each financial statement line item affected;

Financial statements of subsequent periods need not repeat these disclosures.

- 29** When a voluntary change in accounting policy has an effect on the current period or any prior period, would have an effect on that period except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose:
- (a) the nature of the change in accounting policy;
  - (b) the reasons why applying the new accounting policy provides reliable and more relevant information;
  - (c) for the current period and each prior period presented, to the extent practicable, the amount of the adjustment:
    - (i) for each financial statement line item affected; and
  - (e) if retrospective application is impracticable for a particular prior period, or for periods before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

### **Changes in accounting estimates**

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#### **Disclosure**

- 39** An entity shall disclose the nature and amount of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in future periods, except for the disclosure of the effect on future periods when it is impracticable to estimate that effect.
- 40** If the amount of the effect in future periods is not disclosed because estimating it is impracticable, an entity shall disclose that fact.

## Errors

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### Disclosure of prior period errors

- 49 In applying paragraph 42, an entity shall disclose the following:
- (a) the nature of the prior period error;
  - (b) for each prior period presented, to the extent practicable, the amount of the correction:
    - (i) for each financial statement line item affected; and
  - (d) if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.

Financial statements of subsequent periods need not repeat these disclosures.

## **AASB 110 Events after the Reporting Period**

The following are the disclosures proposed to be identified in Appendix A of AASB 110 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 110.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 110 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 110 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### **Dividends**

- 13 If dividends are declared after the reporting period but before the financial statements are authorised for issue, the dividends are not recognised as a liability at the end of the reporting period because no obligation exists at that time.

## **Disclosure**

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### **Date of authorisation for issue**

- 17 An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.

### **Updating disclosure about conditions at the end of the reporting period**

- 19 If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.
- 20 In some cases, an entity needs to update the disclosures in its financial statements to reflect information received after the reporting period, even when the information does not affect the amounts that it recognises in its financial statements. One example of the need to update disclosures is when evidence becomes available after the reporting period about a contingent liability that existed at the end of the reporting period. In addition to considering whether it should recognise or change a provision under AASB 137, an entity updates its disclosures about the contingent liability in the light of that evidence.

### **Non-adjusting events after the reporting period**

- 21 If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:
- (a) the nature of the event; and
  - (b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

- 22 The following are examples of non-adjusting events after the reporting period that would generally result in disclosure:
- (a) a major business combination after the reporting period (AASB 3 *Business Combinations* requires specific disclosures in such cases) or disposing of a major subsidiary;
  - (b) announcing a plan to discontinue an operation;
  - (c) major purchases of assets, classification of assets as held for sale in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, other disposals of assets, or expropriation of major assets by government;
  - (d) the destruction of a major production plant by a fire after the reporting period;
  - (e) announcing, or commencing the implementation of, a major restructuring (see AASB 137);
  - (g) abnormally large changes after the reporting period in asset prices or foreign exchange rates;
  - (h) changes in tax rates or tax laws enacted or announced after the reporting period that have a significant effect on current and deferred tax assets and liabilities (see AASB 112 *Income Taxes*);
  - (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and
  - (j) commencing major litigation arising solely out of events that occurred after the reporting period.

## AASB 112 Income Taxes

The following are the disclosures proposed to be identified in Appendix A of AASB 112 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 112.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 112 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2 Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 112 that are not required by this appendix.
- AusA3 The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4 With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.
- AusA5** RDR paragraphs in this appendix apply only to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.

## Disclosure

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- 81 The following shall also be disclosed separately:
- (a) the aggregate current and deferred tax relating to items that are charged or credited directly to equity (see paragraph 62A);
  - (c) an explanation of the relationship between tax expense (income) and accounting profit in either or both of the following forms:
    - (i) a numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed; or
    - (ii) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed;
  - (d) an explanation of changes in the applicable tax rate(s) compared to the previous reporting period;
- RDR 81.1** An entity applying Australian Accounting Standards – Reduced Disclosure Requirements shall disclose the aggregate amount of current and deferred income tax relating to items recognised in other comprehensive income.
- 82A In the circumstances described in paragraph 52A, an entity shall disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders.
- 84 The disclosure required by paragraph 81(c) enables users of financial statements to understand whether the relationship between tax expense (income) and accounting profit is unusual and to understand the significant factors that could affect that relationship in the future. The relationship between tax expense (income) and accounting profit may be affected by such factors as revenue that is exempt from taxation, expenses that are not deductible in determining taxable profit (tax loss), the effect of tax losses and the effect of foreign tax rates.
- 85 In explaining the relationship between tax expense (income) and accounting profit, an entity uses an applicable tax rate that provides the most meaningful information to the users of its financial statements. Often, the most meaningful rate is the domestic rate of tax in the country in which the entity is domiciled, aggregating the tax rate applied for national taxes with the rates applied for any local taxes which are computed on a substantially similar level of taxable profit (tax loss). However, for an entity operating in several jurisdictions, it may be more meaningful to aggregate separate reconciliations prepared using the

domestic rate in each individual jurisdiction. The following example illustrates how the selection of the applicable tax rate affects the presentation of the numerical reconciliation.

**Example Illustrating Paragraph 85**

In 20X2, an entity has accounting profit in its own jurisdiction (country A) of 1,500 (20X1: 2,000) and in country B of 1,500 (20X1: 500). The tax rate is 30% in country A and 20% in country B. In country A, expenses of 100 (20X1: 200) are not deductible for tax purposes.

*The following is an example of a reconciliation to the domestic tax rate.*

	20X1	20X2
Accounting profit	<u>2,500</u>	<u>3,000</u>
Tax at the domestic rate of 30%	750	900
Tax effect of expenses that are not deductible for tax purposes	60	30
Effect of lower tax rates in country B	<u>(50)</u>	<u>(150)</u>
Tax expense	<u><u>760</u></u>	<u><u>780</u></u>

*The following is an example of a reconciliation prepared by aggregating separate reconciliations for each national jurisdiction. Under this method, the effect of differences between the reporting entity's own domestic tax rate and the domestic tax rate in other jurisdictions does not appear as a separate item in the reconciliation. An entity may need to discuss the effect of significant changes in either tax rates, or the mix of profits earned in different jurisdictions, in order to explain changes in the applicable tax rate(s), as required by paragraph 81(d).*

Accounting profit	<u>2,500</u>	<u>3,000</u>
Tax at the domestic rates applicable to profits in the country concerned	700	750
Tax effect of expenses that are not deductible for tax purposes	<u>60</u>	<u>30</u>
Tax expense	<u><u>760</u></u>	<u><u>780</u></u>

- 86 The average effective tax rate is the tax expense (income) divided by the accounting profit.
- 87A Paragraph 82A requires an entity to disclose the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders. An entity discloses the important features of the income tax systems and the factors that will affect the amount of the potential income tax consequences of dividends.
- 88 An entity discloses any tax-related contingent liabilities and contingent assets in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. Contingent liabilities and contingent assets may arise, for example, from unresolved disputes with the taxation authorities. Similarly, where changes in tax rates or tax laws are enacted or announced after the reporting period, an entity discloses any significant effect of those changes on its current and deferred tax assets and liabilities (see AASB 110 *Events after the Reporting Period*).

## **AASB 116 Property, Plant and Equipment**

The following are the disclosures proposed to be identified in Appendix B of AASB 116 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 116.*

- AusB1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 116 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusB2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 116 that are not required by this appendix.
- AusB3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusB4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## **Disclosure**

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- 73** The financial statements shall disclose, for each class of property, plant and equipment:
- (b) the depreciation methods used;
  - (c) the useful lives or the depreciation rates used;
  - (d) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and
  - (e)
  - (vii) depreciation;
- 74** The financial statements shall also disclose:
- (a) the existence and amounts of restrictions on title, and property, plant and equipment pledged as security for liabilities;
  - (c) the amount of contractual commitments for the acquisition of property, plant and equipment; and
- 76** In accordance with AASB 108 an entity discloses the nature and effect of a change in an accounting estimate that has an effect in the current period or is expected to have an effect in subsequent periods. For property, plant and equipment, such disclosure may arise from changes in estimates with respect to:
- (a) residual values;
  - (b) the estimated costs of dismantling, removing or restoring items of property, plant and equipment;
  - (c) useful lives; and
  - (d) depreciation methods.
- 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:
- (f) the revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.

## AASB 119 Employee Benefits

The following are the disclosures proposed to be identified in Appendix C of AASB 119 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 119.*

- AusC1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 119 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusC2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 119 that are not required by this appendix.
- AusC3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusC4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Short-term employee benefits

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### Multi-employer plans

- 33** If an entity participates in a multi-employer defined benefit plan, unless paragraph 34 applies, it shall:
- (a) account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan; and
  - (b) disclose the information required by paragraphs 135–148 (excluding paragraph 148(d)).
- 34** When sufficient information is not available to use defined benefit accounting for a multi-employer defined benefit plan, an entity shall:
- (a) account for the plan in accordance with paragraphs 51 and 52 as if it were a defined contribution plan; and
  - (b) disclose the information required by paragraph 148.

### Defined benefit plans that share risks between entities under common control

- 42** Participation in such a plan is a related party transaction for each individual group entity. An entity shall therefore, in its separate or individual financial statements disclose the information required by paragraph 149.

## Post-employment benefits: defined contribution plans

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### Disclosure

- 53** An entity shall disclose the amount recognised as an expense for defined contribution plans.

## Post-employment benefits: defined benefit plans

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### Disclosure

#### Characteristics of defined benefit plans and risks associated with them

- 139 An entity shall disclose:
- (a) information about the characteristics of its defined benefit plans, including:
    - (ii) a description of the regulatory framework in which the plan operates, for example the level of any minimum funding requirements, and any effect of the regulatory framework on the plan, such as the asset ceiling (see paragraph 64).
  - (b) a description of the risks to which the plan exposes the entity, focused on any unusual, entity-specific or plan-specific risks, and of any significant concentrations of risk. For example, if plan assets are invested primarily in one class of investments, eg property, the plan may expose the entity to a concentration of property market risk

#### Explanation of amounts in the financial statements

- 141 shall show each of the following, if applicable:
- (c) remeasurements of the net defined benefit liability (asset),
  - (f) contributions to the plan
  - (g) payments from the plan
- 142 An entity shall disaggregate the fair value of the plan assets into classes that distinguish the nature and risks of those assets, subdividing each class of plan asset into those that have a quoted market price in an active market (as defined in AASB 13 *Fair Value Measurement*) and those that do not.
- 143 An entity shall disclose the fair value of the entity's own transferable financial instruments held as plan assets, and the fair value of plan assets that are property occupied by, or other assets used by, the entity.
- 144 An entity shall disclose the significant actuarial assumptions used to determine the present value of the defined benefit obligation (see paragraph 76).

#### Amount, timing and uncertainty of future cash flows

- 146 An entity shall disclose a description of any asset-liability matching strategies used by the plan or the entity, including the use of annuities and other techniques, such as longevity swaps, to manage risk.
- 147 To provide an indication of the effect of the defined benefit plan on the entity's future cash flows, an entity shall disclose:
- (a) a description of any funding arrangements and funding policy that affect future contributions.
  - (b) the expected contributions to the plan for the next annual reporting period.
  - (c) information about the maturity profile of the defined benefit obligation.

#### Multi-employer plans

- 148 If an entity participates in a multi-employer defined benefit plan, it shall disclose:
- (a) a description of the funding arrangements, including the method used to determine the entity's rate of contributions and any minimum funding requirements.
  - (b) a description of the extent to which the entity can be liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plan.
  - (c) a description of any agreed allocation of a deficit or surplus on:
    - (i) wind-up of the plan; or
    - (ii) the entity's withdrawal from the plan.
  - (d) if the entity accounts for that plan as if it were a defined contribution plan in accordance with paragraph 34, it shall disclose the following, in addition to the information required by (a)–(c) and instead of the information required by paragraphs 139–147:
    - (i) the fact that the plan is a defined benefit plan.

- (ii) the reason why sufficient information is not available to enable the entity to account for the plan as a defined benefit plan.
- (iii) the expected contributions to the plan for the next annual reporting period.
- (iv) information about any deficit or surplus in the plan that may affect the amount of future contributions,

**Defined benefit plans that share risks between entities under common control**

- 149 If an entity participates in a defined benefit plan that shares risks between entities under common control, it shall disclose:
- (a) the contractual agreement or stated policy for charging the net defined benefit cost or the fact that there is no such policy.

## **AASB 120 Accounting for Government Grants and Disclosure of Government Assistance**

The following are the disclosures proposed to be identified in Appendix A of AASB 120 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 120.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 120 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 120 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### **Disclosure**

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- 39** The following matters shall be disclosed:
- (b) the nature and extent of government grants recognised in the financial statements and an indication of other forms of government assistance from which the entity has directly benefited; and**
  - (c) unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.**

## **AASB 121 *The Effects of Changes in Foreign Exchange Rates***

The following are the disclosures proposed to be identified in Appendix A of AASB 121 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 121.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 121 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 121 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.
- AusA5** RDR paragraphs in this appendix apply only to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.

### **Disclosure**

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- 51** In paragraphs 53 and 55–57 references to ‘functional currency’ apply, in the case of a group, to the functional currency of the parent.
- 52** An entity shall disclose:
- (a) the amount of exchange differences recognised in profit or loss except for those arising on financial instruments measured at fair value through profit or loss in accordance with AASB 9; and
- 53** When the presentation currency is different from the functional currency, that fact shall be stated, together with disclosure of the functional currency and the reason for using a different presentation currency.
- 54** When there is a change in the functional currency of either the reporting entity or a significant foreign operation, that fact and the reason for the change in functional currency shall be disclosed.
- RDR 55.1** When an entity presents its financial statements in a currency that is different from its functional currency, it shall describe the financial statements as complying with Australian Accounting Standards – Reduced Disclosure Requirements only if they comply with all the requirements of Australian Accounting Standards – Reduced Disclosure Requirements including the translation method set out in paragraphs 39 and 42.
- RDR 57.1** When an entity displays its financial statements or other financial information in a currency that is different from either its functional currency or its presentation currency and the requirements of paragraph RDR 55.1 are not met, it shall clearly identify the information as supplementary information to distinguish it from the information that complies with Australian Accounting Standards – Reduced Disclosure Requirements.

## AASB 123 *Borrowing Costs*

The following are the disclosures proposed to be identified in Appendix A of AASB 123 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 123.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 123 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2 Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 123 that are not required by this appendix.
- AusA3 The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4 With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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- 26 An entity shall disclose:
- (a) the amount of borrowing costs capitalised during the period; and

## AASB 124 Related Party Disclosures

The following are the disclosures proposed to be identified in Appendix B of AASB 124 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 124.*

- AusB1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 124 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusB2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 124 that are not required by this appendix.
- AusB3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusB4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosures

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### All entities

- 13** Relationships between a parent and its subsidiaries shall be disclosed irrespective of whether there have been transactions between them. An entity shall disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity's parent nor the ultimate controlling party produces consolidated financial statements available for public use, the name of the next most senior parent that does so shall also be disclosed.
- 14** To enable users of financial statements to form a view about the effects of related party relationships on an entity, it is appropriate to disclose the related party relationship when control exists, irrespective of whether there have been transactions between the related parties.
- 15** The requirement to disclose related party relationships between a parent and its subsidiaries is in addition to the disclosure requirements in AASB 127 and AASB 12 *Disclosure of Interests in Other Entities*.
- 17** An entity shall disclose key management personnel compensation in total
- 17A** If an entity obtains key management personnel services from another entity (the 'management entity'), the entity is not required to apply the requirements in paragraph 17 to the compensation paid or payable by the management entity to the management entity's employees or directors.
- 18** If an entity has had related party transactions during the periods covered by the financial statements, it shall disclose the nature of the related party relationship as well as information about those transactions and outstanding balances, including commitments, necessary for users to understand the potential effect of the relationship on the financial statements. These disclosure requirements are in addition to those in paragraph 17. At a minimum, disclosures shall include:
- (a) the amount of the transactions;
  - (b) the amount of outstanding balances, including commitments, and:
    - (i) their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement; and
    - (ii) details of any guarantees given or received;
  - (c) provisions for doubtful debts related to the amount of outstanding balances; and
  - (d) the expense recognised during the period in respect of bad or doubtful debts due from related parties.
- 18A** Amounts incurred by the entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.

- 19 The disclosures required by paragraph 18 shall be made separately for each of the following categories:**
- (a) the parent;**
  - (b) entities with joint control of, or significant influence over the entity;**
  - (c) subsidiaries;**
  - (d) associates;**
  - (e) joint ventures in which the entity is a joint venturer;**
  - (f) key management personnel of the entity or its parent; and**
  - (g) other related parties.**
- 20** The classification of amounts payable to, and receivable from, related parties in the different categories as required in paragraph 19 is an extension of the disclosure requirement in AASB 101 *Presentation of Financial Statements* for information to be presented either in the statement of financial position or in the notes. The categories are extended to provide a more comprehensive analysis of related party balances and apply to related party transactions.
- 21** The following are examples of transactions that are disclosed if they are with a related party:
- (a) purchases or sales of goods (finished or unfinished);
  - (b) purchases or sales of property and other assets;
  - (c) rendering or receiving of services;
  - (d) leases;
  - (e) transfers of research and development;
  - (f) transfers under licence agreements;
  - (g) transfers under finance arrangements (including loans and equity contributions in cash or in kind);
  - (h) provision of guarantees or collateral;
  - (i) commitments to do something if a particular event occurs or does not occur in the future, including executory contracts [footnote omitted] (recognised and unrecognised); and
  - (j) settlement of liabilities on behalf of the entity or by the entity on behalf of that related party.
- 23** Disclosures that related party transactions were made on terms equivalent to those that prevail in arm's length transactions are made only if such terms can be substantiated.
- 24** **Items of a similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.**

## **Government-related entities**

- 25** **A reporting entity is exempt from the disclosure requirements of paragraph 18 in relation to related party transactions and outstanding balances, including commitments, with:**
- (a) a government that has control or joint control of, or significant influence over, the reporting entity; and**
  - (b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.**
- 26** **If a reporting entity applies the exemption in paragraph 25, it shall disclose the following about the transactions and related outstanding balances referred to in paragraph 25:**
- (a) the name of the government and the nature of its relationship with the reporting entity (ie control, joint control or significant influence);**
  - (b) the following information in sufficient detail to enable users of the entity's financial statements to understand the effect of related party transactions on its financial statements:**
    - (i) the nature and amount of each individually significant transaction; and**
    - (ii) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent. Types of transactions include those listed in paragraph 21.**
- 27** In using its judgement to determine the level of detail to be disclosed in accordance with the requirements

in paragraph 26(b), the reporting entity shall consider the closeness of the related party relationship and other factors relevant in establishing the level of significance of the transaction such as whether it is:

- (a) significant in terms of size;
- (b) carried out on non-market terms;
- (c) outside normal day-to-day business operations, such as the purchase and sale of businesses;
- (d) disclosed to regulatory or supervisory authorities;
- (e) reported to senior management;
- (f) subject to shareholder approval.

## AASB 127 *Separate Financial Statements*

The following are the disclosures proposed to be identified in Appendix A of AASB 127 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 127.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 127 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 127 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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- 15** An entity shall apply all applicable Australian Accounting Standards when providing disclosures in its separate financial statements, including the requirements in paragraphs 16–17.
- 16** When a parent, in accordance with paragraph 4(a) of AASB 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements:
- (a) the fact that the financial statements are separate financial statements; that the exemption from consolidation has been used;
  - (b) a list of significant investments in subsidiaries, joint ventures and associates, including:
    - (i) the name of those investees.
    - (iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.
- 16A** When an investment entity that is a parent (other than a parent covered by paragraph 16-Aus16.1) prepares, in accordance with paragraph 8A, separate financial statements as its only financial statements, it shall disclose that fact. The investment entity shall also present the disclosures relating to investment entities required by AASB 12 *Disclosure of Interests in Other Entities*.
- 17** When a parent (other than a parent covered by paragraphs 16-Aus16.1 or paragraph 16A) or an investor with joint control of, or significant influence over, an investee prepares separate financial statements, the parent or investor shall identify the financial statements prepared in accordance with AASB 10, AASB 11 or AASB 128 to which they relate. The parent or investor shall also disclose in its separate financial statements:
- (a) the fact that the statements are separate financial statements
  - (b) a list of significant investments in subsidiaries, joint ventures and associates, including:
    - (i) the name of those investees.
    - (iii) its proportion of the ownership interest (and its proportion of the voting rights, if different) held in those investees.

## **AASB 129 Financial Reporting in Hyperinflationary Economies**

The following are the disclosures proposed to be identified in Appendix A of AASB 129 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 129.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 129 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 129 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### **Disclosures**

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- 39** The following disclosures shall be made:
- (a)** the fact that the financial statements and the corresponding figures for previous periods have been restated for the changes in the general purchasing power of the functional currency and, as a result, are stated in terms of the measuring unit current at the end of the reporting period;
  - (b)** whether the financial statements are based on a historical cost approach or a current cost approach; and
  - (c)** the identity and level of the price index at the end of the reporting period and the movement in the index during the current and the previous reporting period.

## AASB 134 Interim Financial Reporting

The following are the disclosures proposed to be identified in Appendix A of AASB 134 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 134.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 134 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2 Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 134 that are not required by this appendix.
- AusA3 The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4 With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.
- AusA5** RDR paragraphs in this appendix apply only to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.

### Significant events and transactions

- 15 An entity shall include in its interim financial report an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the entity since the end of the last annual reporting period. Information disclosed in relation to those events and transactions shall update the relevant information presented in the most recent annual financial report.
- 15B The following is a list of events and transactions for which disclosures would be required if they are significant: the list is not exhaustive.
- (a) the write-down of inventories to net realisable value and the reversal of such a write-down;
  - (b) recognition of a loss from the impairment of financial assets, property, plant and equipment, intangible assets, assets arising from contracts with customers, or other assets, and the reversal of such an impairment loss;
  - (c) the reversal of any provisions for the costs of restructuring;
  - (d) acquisitions and disposals of items of property, plant and equipment;
  - (e) commitments for the purchase of property, plant and equipment;
  - (f) litigation settlements;
  - (g) corrections of prior period errors;
  - (h) changes in the business or economic circumstances that affect the fair value of the entity's financial assets and financial liabilities, whether those assets or liabilities are recognised at fair value or amortised cost;
  - (i) any loan default or breach of a loan agreement that has not been remedied on or before the end of the reporting period;
  - (j) related party transactions;
  - (k) transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments;
  - (l) changes in the classification of financial assets as a result of a change in the purpose or use of those assets; and
  - (m) changes in contingent liabilities or contingent assets.
- 15C Individual Australian Accounting Standards provide guidance regarding disclosure requirements for many of the items listed in paragraph 15B. When an event or transaction is significant to an

understanding of the changes in an entity's financial position or performance since the last annual reporting period, its interim financial report should provide an explanation of and an update to the relevant information included in the financial statements of the last annual reporting period.

## Other disclosures

- 16A** In addition to disclosing significant events and transactions in accordance with paragraphs 15–15C, an entity shall include the following information, in the notes to its interim financial statements or elsewhere in the interim financial report. The following disclosures shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time. If users of the financial statements do not have access to the information incorporated by cross-reference on the same terms and at the same time, the interim financial report is incomplete. The information shall normally be reported on a financial year-to-date basis.
- (a) a statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change.
  - (b) explanatory comments about the seasonality or cyclicity of interim operations.
  - (c) the nature and amount of items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.
  - (d) the nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years.
  - (e) issues, repurchases and repayments of debt and equity securities.
  - (f) dividends paid (aggregate) separately for ordinary shares and other shares.
  - (h) events after the interim period that have not been reflected in the financial statements for the interim period.
  - (i) the effect of changes in the composition of the entity during the interim period, including business combinations, obtaining or losing control of subsidiaries and long-term investments, restructurings, and discontinued operations. In the case of business combinations, the entity shall disclose the information required by AASB 3 *Business Combinations*.
  - (k) for entities becoming, or ceasing to be, investment entities, as defined in AASB 10 *Consolidated Financial Statements*, the disclosures in AASB 12 *Disclosure of Interests in Other Entities* paragraph 9B.
  - (l) the disaggregation of revenue from contracts with customers required by paragraphs 114 of AASB 15 *Revenue from Contracts with Customers*.

## Disclosure of compliance with Australian Accounting Standards

- RDR19.1** If an entity's interim financial report is in compliance with this Standard as it applies to entities applying the Australian Accounting Standards – Reduced Disclosure Requirements, that fact shall be disclosed. An interim financial report shall not be described as complying with Australian Accounting Standards – Reduced Disclosure Requirements unless it complies with all of the requirements of Australian Accounting Standards – Reduced Disclosure Requirements.

## Disclosure in annual financial statements

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- 26** If an estimate of an amount reported in an interim period is changed significantly during the final interim period of the financial year but a separate financial report is not published for that final interim period, the nature and amount of that change in estimate shall be disclosed in a note to the annual financial statements for that financial year.
- 27** AASB 8 requires disclosure of the nature and (if practicable) the amount of a change in estimate that either has a material effect in the current period or is expected to have a material effect in subsequent periods. Paragraph 16A(d) of this Standard requires similar disclosure in an interim financial report. Examples include changes in estimate in the final interim period relating to inventory write-downs, restructurings, or impairment losses that were reported in an earlier interim period of the financial year. The disclosure required by the preceding paragraph is consistent with the AASB 8 requirement and is

intended to be narrow in scope—relating only to the change in estimate. An entity is not required to include additional interim period financial information in its annual financial statements.

## AASB 136 *Impairment of Assets*

The following are the disclosures proposed to be identified in Appendix E of AASB 136 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 136.*

- AusE1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 136 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusE2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 136 that are not required by this appendix.
- AusE3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusE4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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- 126** An entity shall disclose the following for each class of assets:
- (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are included.
  - (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) of the statement of comprehensive income in which those impairment losses are reversed.
  - (c) the amount of impairment losses on revalued assets recognised in other comprehensive income during the period.
  - (d) the amount of reversals of impairment losses on revalued assets recognised in other comprehensive income during the period.
- 127 A class of assets is a grouping of assets of similar nature and use in an entity's operations.
- 128 The information required in paragraph 126 may be presented with other information disclosed for the class of assets.
- 130** An entity shall disclose the following for an individual asset (including goodwill) or a cash-generating unit, for which an impairment loss has been recognised or reversed during the period:
- (a) the events and circumstances that led to the recognition or reversal of the impairment loss.
  - (b) the amount of the impairment loss recognised or reversed.
  - (c) for an individual asset:
    - (i) the nature of the asset
  - (d) for a cash-generating unit:
    - (i) a description of the cash-generating unit
    - (ii) the amount of the impairment loss recognised or reversed by class of assets
  - (f) if the recoverable amount is fair value less costs of disposal, the entity shall disclose the following information:
    - (iii) for fair value measurements categorised within Level 2 and Level 3 of the fair value hierarchy, each key assumption on which management has based its determination of fair value less costs of disposal. Key assumptions are those to which the asset's (cash-generating unit's) recoverable amount is most sensitive. The entity shall also disclose

the discount rate(s) used in the current measurement and previous measurement if fair value less costs of disposal is measured using a present value technique.

- (g) if recoverable amount is value in use, the discount rate(s) used in the current estimate and previous estimate (if any) of value in use.

Estimates used to measure recoverable amounts of cash-generating units containing goodwill or intangible assets with indefinite useful lives

134 An entity shall disclose 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:

- (d) if the unit's (group of units') recoverable amount is based on value in use:
- (i) 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) a description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.
  - (iii) the period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (group of units), an explanation of why that longer period is justified.
  - (iv) the growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated.
  - (v) the discount rate(s) applied to the cash flow projections.

## **AASB 137 Provisions, Contingent Liabilities and Contingent Assets**

The following are the disclosures proposed to be identified in Appendix A of AASB 137 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 137.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 137 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 137 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.
- 75** A management or board decision to restructure taken before the end of the reporting period does not give rise to a constructive obligation at the end of the reporting period unless the entity has, before the end of the reporting period:
- (a) started to implement the restructuring plan; or
  - (b) announced the main features of the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the entity will carry out the restructuring.

If an entity starts to implement a restructuring plan, or announces its main features to those affected, only after the reporting period, disclosure is required under AASB 110 *Events after the Reporting Period*, if the restructuring is material and non-disclosure could influence the economic decisions that users make on the basis of the financial statements.

## **Disclosure**

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- 85** An entity shall disclose the following for each class of provision:
- (a) a brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits;
  - (b) an indication of the uncertainties about the amount or timing of those outflows. Where necessary to provide adequate information, an entity shall disclose the major assumptions made concerning future events, as addressed in paragraph 48; and
  - (c) the amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement.
- 86** Unless the possibility of any outflow in settlement is remote, an entity shall disclose for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:
- (a) an estimate of its financial effect, measured under paragraphs 36–52;
  - (b) an indication of the uncertainties relating to the amount or timing of any outflow; and
  - (c) the possibility of any reimbursement.
- 87** In determining which provisions or contingent liabilities may be aggregated to form a class, it is necessary to consider whether the nature of the items is sufficiently similar for a single statement about them to fulfil the requirements of paragraphs 85(a) and (b) and 86(a) and (b). Thus, it may be appropriate to treat as a single class of provision amounts relating to warranties of different products, but it would not be appropriate to treat as a single class amounts relating to normal warranties and amounts that are subject to legal proceedings.

- 88 Where a provision and a contingent liability arise from the same set of circumstances, an entity makes the disclosures required by paragraphs 84–86 in a way that shows the link between the provision and the contingent liability.
- 89 Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect, measured using the principles set out for provisions in paragraphs 36–52.**
- 90 It is important that disclosures for contingent assets avoid giving misleading indications of the likelihood of income arising.
- 91 Where any of the information required by paragraphs 86 and 89 is not disclosed because it is not practicable to do so, that fact shall be stated.**
- 92 In extremely rare cases, disclosure of some or all of the information required by paragraphs 84–89 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose the information, but shall disclose the general nature of the dispute, together with the fact that, and reason why, the information has not been disclosed.**

## AASB 138 Intangible Assets

The following are the disclosures proposed to be identified in Appendix A of AASB 138 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 138.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 138 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 138 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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### General

- 118** An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets:
- (a) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used;
  - (b) the amortisation methods used for intangible assets with finite useful lives;
  - (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the period;
- 119** A class of intangible assets is a grouping of assets of a similar nature and use in an entity's operations. Examples of separate classes may include:
- (a) brand names;
  - (b) mastheads and publishing titles;
  - (c) computer software;
  - (d) licences and franchises;
  - (e) copyrights, patents and other industrial property rights, service and operating rights;
  - (f) recipes, formulae, models, designs and prototypes; and
  - (g) intangible assets under development.
- The classes mentioned above are disaggregated (aggregated) into smaller (larger) classes if this results in more relevant information for the users of the financial statements.
- 121** AASB 108 requires an entity to disclose the nature and amount of a change in an accounting estimate that has a material effect in the current period or is expected to have a material effect in subsequent periods. Such disclosure may arise from changes in:
- (a) the assessment of an intangible asset's useful life;
  - (b) the amortisation method; or
  - (c) residual values.
- 122** An entity shall also disclose:

- (d) the existence and carrying amounts of intangible assets whose title is restricted and the carrying amounts of intangible assets pledged as security for liabilities.
- (e) the amount of contractual commitments for the acquisition of intangible assets.

### **Intangible assets measured after recognition using the revaluation model**

**124** If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:

- (b) the amount of the revaluation surplus and any restrictions on the distribution of the balance to shareholders.

### **Research and development expenditure**

**126** An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period

**127** Research and development expenditure comprises all expenditure that is directly attributable to research or development activities (see paragraphs 66 and 67 for guidance on the type of expenditure to be included for the purpose of the disclosure requirement in paragraph 126).

## AASB 140 Investment Property

[Paragraphs 74, 77 and 78 are amended and paragraph 75(b) is deleted by AASB 16 *Leases*. New text is underlined and deleted text is struck through]

The following are the disclosures proposed to be identified in Appendix A of AASB 140 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 140.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 140 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 140 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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### Fair value model and cost model

- 74 The disclosures below apply in addition to those in ~~AASB 117~~AASB 16. In accordance with ~~AASB 117~~AASB 16, the owner of an investment property provides lessors' disclosures about leases into which it has entered.
- 75 **An entity shall disclose:**
- (f) the amounts recognised in profit or loss for:
    - (i) rental income from investment property;
  - (g) the existence and amounts of restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.
  - (h) contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

### Fair value model

- 78 In the exceptional cases referred to in paragraph 53, when an entity measures investment property using the cost model in AASB 116 or in accordance with AASB 16, an entity shall disclose:
- (a) a description of the investment property;
  - (b) an explanation of why fair value cannot be measured reliably;

### Cost model

- 79 In addition to the disclosures required by paragraph 75, an entity that applies the cost model in paragraph 56 shall disclose:
- (a) the depreciation methods used;
  - (b) the useful lives or the depreciation rates used;
  - (c) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period;
  - (d) (iv) depreciation;

## AASB 141 Agriculture

The following are the disclosures proposed to be identified in Appendix A of AASB 141 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 141.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 141 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 141 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## Disclosure

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### General

- 40** An entity shall disclose the aggregate gain or loss arising during the current period on initial recognition of biological assets and agricultural produce and from the change in fair value less costs to sell of biological assets.
- 41** An entity shall provide a description of each group of biological assets.
- 42 The disclosure required by paragraph 41 may take the form of a narrative or quantified description.
- 46** If not disclosed elsewhere in information published with the financial statements, an entity shall describe:
- (a) the nature of its activities involving each group of biological assets; and
- 49** An entity shall disclose:
- (a) the existence and carrying amounts of biological assets whose title is restricted, and the carrying amounts of biological assets pledged as security for liabilities;
- (b) the amount of commitments for the development or acquisition of biological assets; and
- (c) financial risk management strategies related to agricultural activity.

### Additional disclosures for biological assets where fair value cannot be measured reliably

- 54** If an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph 30) at the end of the period, the entity shall disclose for such biological assets:
- (b) an explanation of why fair value cannot be measured reliably;
- (d) the depreciation method used;
- (e) the useful lives or the depreciation rates used; and
- (f) the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period.
- 55** If, during the current period, an entity measures biological assets at their cost less any accumulated depreciation and any accumulated impairment losses (see paragraph 30), an entity shall disclose

any gain or loss recognised on disposal of such biological assets and the following amounts included in profit or loss related to those biological assets:

(c) depreciation.

**56** If the fair value of biological assets previously measured at their cost less any accumulated depreciation and any accumulated impairment losses becomes reliably measurable during the current period, an entity shall disclose for those biological assets:

(a) a description of the biological assets;

(b) an explanation of why fair value has become reliably measurable; and

(c) the effect of the change.

### **Government grants**

**57** An entity shall disclose the following related to agricultural activity covered by this Standard:

(a) the nature and extent of government grants recognised in the financial statements;

(b) unfulfilled conditions and other contingencies attaching to government grants; and

(c) significant decreases expected in the level of government grants.

## **AASB 1050 Administered Items**

The following are the disclosures proposed to be identified in Appendix B of AASB 1050 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 1050.*

- AusB1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 1050 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusB2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 1050 that are not required by this appendix.
- AusB3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusB4** AASB 1050 paragraphs 9-13 and 15-21 set out guidance on distinguishing administered items from controlled items. The guidance is relevant to Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements.
- AusB5** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## **Disclosure of Administered Income, Expenses, Assets and Liabilities**

- 7** A government department shall disclose the following in its complete set of financial statements in relation to activities administered by the government department:
- (a) administered income, showing separately:**
    - (i) each major class of income; and**
  - (b) administered expenses, showing separately:**
    - (i) each major class of expense; and**
    - (c) administered assets, showing separately each major class of asset; and**
  - (d) administered liabilities, showing separately each major class of liability.**
- 14** The tax revenues, user charges, fines and fees administered by a government department and the amount of funds transferred to eligible beneficiaries are an important indicator of the government department's performance in achieving its objectives. Therefore, paragraph 7 requires disclosure of income and expenses administered by a government department that are not recognised in the government department's operating statement. Disclosure of this information by major class facilitates an assessment of activity costs and cost recoveries, and is therefore relevant to parliamentary decision making and enhances the discharge of accountability obligations. Even though a government department does not control such items, the effective and efficient administration of these items is an important role of the government department.
- 22** **Details of the broad categories of recipients and the amounts transferred to those recipients shall be disclosed in the government department's complete set of financial statements.**
- 23** In some cases it may not be clear whether the government department controls amounts to be transferred to eligible beneficiaries. For example, amounts may be appropriated to a government department for subsequent transfer, but the government department can exercise significant discretion in determining the amount or timing of payment, the identity of beneficiaries and the conditions under which the payments are to be made. In such cases, preparers and auditors use their judgement in deciding whether the government department controls the amounts to be transferred.

## **Accounting Basis**

- 24 To facilitate the assessment of the costs incurred and the cost recoveries generated as a result of the government department's activities, administered income, expenses, assets and liabilities are reported on the same basis adopted for the recognition of the elements of the financial statements.

## **Display of Information about Administered Items**

- 25 The manner in which administered transactions are displayed in the financial statements of a government department will depend on the administrative arrangements adopted by the controlling government, and may therefore vary from jurisdiction to jurisdiction. For example, in some jurisdictions it may be appropriate for administered transactions to be displayed as a separate schedule to the operating statement and/or the statement of financial position. In other jurisdictions, a government department's accountability for administered transactions may mean that it is appropriate for administered transactions to be displayed with, but clearly distinguishable from, the government department's operating statement and/or statement of financial position.

## **AASB 1051 *Land Under Roads***

The following are the disclosures proposed to be identified in Appendix D of AASB 1051 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 1051.*

- AusD1**      **The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 entities are not required to comply with any of the disclosure requirements of AASB 1051 in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**
- AusD2      Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 1051 that are not required by this appendix.
- AusD3      The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusD4      With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## **AASB 1052 Disaggregated Disclosures**

The following are the disclosures proposed to be identified in Appendix B of AASB 1052 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 1052.*

- AusB1**      **The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 entities are not required to comply with any of the disclosure requirements of AASB 1052 in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**
- AusB2      Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 1052 that are not required by this appendix.
- AusB3      The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusB4      With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

## **AASB 1053 *Application of Tiers of Australian Accounting Standards***

It is proposed to amend paragraph 24 of AASB 1053 *Application of Tiers of Australian Accounting Standards*. Deleted text is struck through.

### **Disclosure**

- 24 An entity applying paragraph 19B(e) shall disclose:
- (a) ~~the reason it stopped applying Tier 2 reporting requirements; and~~
  - (b) the reason it is resuming the application of Tier 2 reporting requirements.

## **AASB 1054 Australian Additional Disclosures**

The following are the disclosures proposed to be identified in Appendix A of AASB 1054 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 1054.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 1054 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2** Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 1054 that are not required by this appendix.
- AusA3** The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4** With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.
- AusA5** RDR paragraphs in this appendix apply only to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.

### **Compliance with Australian Accounting Standards**

- RDR 7.1** An entity whose financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with Australian Accounting Standards – Reduced Disclosure Requirements unless they comply with all the requirements of Australian Accounting Standards – Reduced Disclosure Requirements.

### **Reporting Framework**

- 8 An entity shall disclose in the notes:
- (a) the statutory basis or other reporting framework, if any, under which the financial statements are prepared; and
  - (b) whether, for the purposes of preparing the financial statements, it is a for-profit or not-for-profit entity.

### **General Purpose or Special Purpose Financial Statements**

- 9 An entity shall disclose in the notes whether the financial statements are general purpose financial statements or *special purpose financial statements*.

## AASB 1055 *Budgetary Reporting*

The following are the disclosures proposed to be identified in Appendix B of AASB 1055 as disclosures required under Tier 2.

*This appendix is an integral part of AASB 1055.*

- AusB1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB 1055 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusB2 Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB 1055 that are not required by this appendix.
- AusB3 The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusB5 With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### Budgetary Information

- 6** Where an entity's budgeted:
- (a) statement of financial position;
  - (d) statement of cash flows;
- reflecting controlled items is presented to parliament and is separately identified as relating to that entity, the entity shall disclose for the reporting period:
- (e) that original budgeted financial statement presented to parliament, presented and classified on a basis that is consistent with the presentation and classification adopted in the corresponding financial statement prepared in accordance with Australian Accounting Standards; and
  - (f) explanations of major variances between the actual amounts presented in the financial statements and the corresponding original budget amounts.
- 7** Where an entity within the GGS's budgeted financial information reflecting major classes of administered income and expenses, or major classes of administered assets and liabilities, is presented to parliament and is separately identified as relating to that entity, the entity shall disclose for the reporting period:
- (a) that original budgeted financial information presented to parliament, presented and classified on a basis that is consistent with the presentation and classification adopted for the corresponding information about administered items disclosed in accordance with AASB 1050 *Administered Items*; and
  - (b) explanations of major variances between the actual amounts disclosed in the financial statements in accordance with AASB 1050 and the corresponding original budget amounts.
- 8** Comparative budgetary information in respect of the previous period need not be disclosed.
- 9 The original budget is the first budget presented to parliament in respect of the reporting period.
- 12 Information provided in accordance with paragraph 6 or 7 facilitates users of financial statements (including taxpayers) making and evaluating decisions about the allocation of scarce resources and for assessing the discharge of an entity's accountability. The budget information is disclosed on the same presentation and classification bases adopted for the corresponding actual information in the financial statements, to facilitate a comparison of actual outcomes against the budget. Accordingly:
- (a) in relation to controlled items, to the extent the presentation and classification bases adopted in the budget presented to parliament are not consistent with the corresponding financial statements, the budget presented to parliament is restated for disclosure purposes to align with the presentation and classification bases adopted in the corresponding financial statements. As such, the budget information may be presented in the corresponding financial statements; and

- (b) in relation to administered items of entities within the GGS, to the extent the presentation and classification bases adopted in the budget presented to parliament are not consistent with the corresponding information about administered items disclosed in accordance with AASB 1050, the budget presented to parliament is restated for disclosure purposes to align with the presentation and classification bases adopted for the corresponding information about administered items disclosed in accordance with AASB 1050. As such, the budget information may be disclosed with the corresponding information about administered items, including where the corresponding information about administered items is disclosed with the financial statements.
- 13 Budgeted financial information reflecting administered income and expenses, or assets and liabilities, presented to parliament that is subject to the requirements of paragraph 7 would, consistent with AASB 1050, at a minimum, contain information about major classes of administered income and expenses, or major classes of administered assets and liabilities. Accordingly, if the budgeted information of an entity within a GGS is presented to parliament only at a more highly summarised level, for example, budgeted aggregate of administered income and expenses, that entity would not be required to report the budgetary information specified in paragraph 7. Similarly, the requirements in paragraph 6 do not apply where parliament only receives information about an entity's budgeted controlled items at a more highly summarised level than the level of information required by Australian Accounting Standards to be presented in the financial statements.
- 14 The budgetary reporting requirements in this Standard only apply to an entity within the GGS where budgeted information about controlled or administered items is separately identified as relating to that entity within the budgetary information presented to parliament. Accordingly, for example, where:
- (a) a consolidated GGS budget presented to parliament incorporates a budget of an entity within the GGS in a way that the individual entity's budget is not separately identified as relating to that entity; and
- (b) a separate individual budget is not presented to parliament for that entity;
- that entity's budget is not regarded as having been presented to parliament and therefore the entity is not required to report the budgetary information specified in this Standard.
- 15 The explanations of major variances required to be disclosed by paragraph 6(f) or 7(b) are those relevant to an assessment of the discharge of accountability and to an analysis of performance of an entity, not merely focusing on the numerical differences between original budget and actual amounts. They include high-level explanations of the causes of major variances rather than merely the nature of the variances. Furthermore, if revised budgets are presented to parliament, even when there are no major numerical differences between the original budget and actual amounts, an entity might need to have regard to those revised budgets and include explanations for major numerical differences between them and actual amounts. Such explanations are made when they are relevant for the assessment of the discharge of accountability and to an analysis of the performance of an entity.

## **AASB Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments***

The following are the disclosures proposed to be identified in Appendix A of AASB Interpretation 2 as disclosures required under Tier 2.

*This appendix is an integral part of AASB Interpretation 2.*

- AusA1**      **The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB Interpretation 2 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**
- AusA2      Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB Interpretation 2 that are not required by this appendix.
- AusA3      The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4      With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### **Disclosure**

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- 13      When a change in the redemption prohibition leads to a transfer between financial liabilities and equity, the entity shall disclose separately the amount, timing and reason for the transfer.

## **AASB Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds***

The following are the disclosures proposed to be identified in Appendix A of AASB Interpretation 5 as disclosures required under Tier 2.

*This appendix is an integral part of AASB Interpretation 5.*

- AusA1**      **The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB Interpretation 5 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**
- AusA2      Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB Interpretation 5 that are not required by this appendix.
- AusA3      The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4      With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### **Disclosure**

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- 11      A contributor shall disclose the nature of its interest in a fund and any restrictions on access to the assets in the fund.
- 12      When a contributor has an obligation to make potential additional contributions that is not recognised as a liability (see paragraph 10), it shall make the disclosures required by paragraph 86 of AASB 137.
- 13      When a contributor accounts for its interest in the fund in accordance with paragraph 9, it shall make the disclosures required by paragraphs 85(c) of AASB 137.

## **AASB Interpretation 17 *Distributions of Non-cash Assets to Owners***

The following are the disclosures proposed to be identified in Appendix A of AASB Interpretation 17 as disclosures required under Tier 2.

*This appendix is an integral part of AASB Interpretation 17.*

- AusA1**      **The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB Interpretation 17 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.**
- AusA2      Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB Interpretation 17 that are not required by this appendix.
- AusA3      The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4      With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### **Presentation and disclosures**

- 15      An entity shall present the difference described in paragraph 14 as a separate line item in profit or loss.
- 17      If, after the end of the reporting period but before the financial statements are authorised for issue, an entity declares a dividend to distribute a non-cash asset, it shall disclose:
- (a)      the nature of the asset to be distributed;
  - (b)      the carrying amount of the asset to be distributed as of the end of the reporting period; and

## AASB Interpretation 129 Service Concession Arrangements: Disclosures

The following are the disclosures proposed to be identified in Appendix A of AASB Interpretation 129 as disclosures required under Tier 2.

*This appendix is an integral part of AASB Interpretation 17.*

- AusA1** The requirements of this appendix apply to Tier 2 entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements. The disclosures identified in this appendix are all the disclosure requirements of AASB Interpretation 129 that Tier 2 entities are required to comply with in preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.
- AusA2 Tier 2 entities applying Australian Accounting Standards – Reduced Disclosure Requirements may elect to comply with some or all of the disclosure requirements of AASB Interpretation 129 that are not required by this appendix.
- AusA3 The Australian Accounting Standards – Reduced Disclosure Requirements do not affect the face of the financial statements.
- AusA4 With respect to accounting policies, the disclosure requirements for Tier 2 entities in AASB 101 *Presentation of Financial Statements* (paragraphs 117-133) and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* (paragraphs 28-31 and 39-40) apply where relevant. Should the entity assess that under AASB 101 and/or AASB 108 disclosure of a significant accounting policy relating to transactions or other events dealt with under this Standard would be required, the entity might refer to disclosure requirements in the main body of this Standard, if any, for guidance.

### Consensus

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- 6 All aspects of a service concession arrangement shall be considered in determining the appropriate disclosures in the notes. An operator and a grantor shall disclose the following in each period:
- (a) a description of the arrangement;
  - (b) significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows (eg the period of the concession, re-pricing dates and the basis upon which re-pricing or re-negotiation is determined);
  - (c) the nature and extent (eg quantity, time period or amount as appropriate) of:
    - (i) rights to use specified assets;
    - (ii) obligations to provide or rights to expect provision of services;
    - (iii) obligations to acquire or build items of property, plant and equipment;
    - (iv) obligations to deliver or rights to receive specified assets at the end of the concession period;
    - (v) renewal and termination options; and
    - (vi) other rights and obligations (eg major overhauls);