30 November 2019
Ms Kris Peach
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007
Via website: www.aasb.gov.au
Dear Kris

AASB Exposure Draft 295 General Purpose Financial Statements
– Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (ED 295)

Thank you for the opportunity to comment on AASB Exposure Draft 295 General Purpose Financial Statements– Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (ED 295). The provided comments have been prepared after considering ED 295, participating in sessions held by the Australian Accounting Standards Board (AASB) and my reconsideration of previously articulated positions on reporting framework reform.

Generally, I am supportive of the approach taken by the AASB in developing its proposals for simplified disclosures in a single disclosure Standard.

However, the AASB decision to progress reform of the not-for-profit private and public sectors via separate consultations means that it has not presented evidence to support the proposals in ED 295 as they apply to not-for-profit Tier 2 entities. Some may argue the simplified disclosures for not-for-profit Tier 2 entities are a useful interim change. However, we could see some not-for-profit entities required to change their disclosure reporting three times over a small number of years from current RDR to Simplified Disclosures to a new disclosure framework being the outcome of a reformed not-for-profit private and public sectors financial reporting framework. This does not seem to be an appropriate outcome. I suggest the scope of the finalised standard not extend to not-for-profit Tier 2 entities. Alternatively, the application date of the finalised standard be extended to enable completion of the not-for-profit consultations.

ED 295 proposes to require certain disclosures by Tier 2 entities that are not required of Tier 1 entities. The AASB reasoning is based on the principle to avoid differences to the IFRS for SMEs Standard as far as possible. I do not support the inclusion of additional disclosures above and beyond those required under full IFRS (i.e., required of Tier 1 entities) and suggest they be removed from the finalised standard. If the AASB has evidence that these additional disclosures are useful to users of financial statements that evidence should be provided to the IASB for its consideration when updating the relevant IFRS.

I think of the Statement of Changes in Equity for the reporting period as a presentation requirement and not an issue of disclosure (which is the purpose of ED 295). Consequently, notwithstanding the IFRS for SMEs standard allows for the non-presentation of the statement in limited circumstance (and this is mirrored in ED 295), I suggest the AASB removing that option in the finalised standard. Therefore, a Statement of Changes in Equity would always be part of a complete set of financial statements.

If you have any queries on the provided comments, please contact me at mshying@swin.edu.au.

Yours sincerely

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