

29 November 2019

Ms Kris Peach
Chair
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007

(By on-line submission via aasb.gov.au)

Dear Ms Peach

Comment letter on Exposure Draft 295 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

HLB Mann Judd, a leading mid-tier network of ten independent audit, tax and advisory member firms in Australia, appreciates the opportunity to comment on Exposure Draft 295 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (ED 295) as issued by the Australian Accounting Standards Board (the Board) in August 2019. We have consulted with, and this letter represents the views of, the HLB Mann Judd network in Australia.

Subject to our comments below, we are generally supportive of the proposal to replace the current Reduced Disclosure Requirements (RDR) with the proposed Simplified Disclosure Standard. We agree with the overarching principles on which the proposed Standard is based, and welcome the overall reduction in disclosures that are contained in a stand-alone standard.

Specific comments we would like to raise regarding some of the proposed disclosures are as follows:

- We are supportive of the option to omit a statement of changes in equity and instead present a statement of income and retained earnings where the only changes in equity arise from profit or loss, dividend payments, corrections of prior period errors and changes in accounting policies.
- We believe the proposal to include disclosures above what is required by full IFRS is conceptually wrong and should be removed.
- The requirement to disclose a maturity analysis for lease liabilities should be extended to other financial liabilities as liquidity disclosures are generally important to users of financial statements.
- We support the inclusion of the audit fee disclosures from AASB 1054 *Australian Additional Disclosures* in the proposed Simplified Disclosure Standard.

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In terms of who should be able to apply the proposed Simplified Disclosure Standard, we agree that not-for-profit private sector entities and public sector entities reporting under Tier 2 requirements, as set out in AASB 1053 *Application of Tiers of Australian Accounting Standards*, should also be able to take advantage of the less onerous disclosures being proposed.

Regarding application date, we support the proposed Tier 2 disclosure requirements being effective for annual reporting periods beginning on or after 1 July 2020, with earlier adoption permitted.

Should you have any questions concerning the contents of this letter, please do not hesitate to contact me on (03) 9606 3325 or by email at mwarren@hlbvic.com.au.

Yours sincerely,



Michelle Warren

Director of Financial Reporting - Australasia