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

via email: standard@aasb.gov.au

6 April 2018

Dear Kris

Re: Exposure Drafts 284 *Recent Standards – Reduced Disclosure Requirements*

We are responding to your invitation to comment on the Exposure Draft 284 (ED 284) on behalf of PricewaterhouseCoopers.

There is much debate currently as to the differences in tiers of financial reporting. We believe Tier 2 needs to consider an appropriate balance between user needs and costs of disclosure. We therefore support reducing the disclosure requirements for tier 2 entities in AASB 16 *Leases*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 1059 *Service Concession Arrangements: Grantors*.

However, we note that ED 284 still retains a significant amount of the disclosures, providing only limited relief for tier 2 entities. We would encourage the Board to revisit the disclosures in particular in light of the proposals made in ED 277 *Reduced Disclosure Requirements for Tier 2 Entities*.

Detailed comments on the proposals will be provided directly to the AASB staff by Meina Rose via separate e-mail.

I would welcome the opportunity to discuss our firm's views at your convenience. Please contact me on (02) 8266 8350 if you would like to discuss our comments further.

Yours sincerely,

Regina Fikkers

Regina Fikkers
Partner, PricewaterhouseCoopers

AASB Exposure Draft

ED 284
December 2017

Recent Standards – Reduced Disclosure Requirements

Comments to the AASB by 31 March 2018

Australian Government
Australian Accounting Standards Board

Commenting on this AASB Exposure Draft

Comments on this Exposure Draft are requested by 31 March 2018.

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) 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@aasb.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

The Australian Accounting Standards Board (AASB) develops, issues and maintains Australian Accounting Standards. The AASB is a Commonwealth entity under the *Australian Securities and Investments Commission Act 2001*.

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 (IFRS Standards), 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 IFRS Standards. Furthermore, other for-profit private sector entities complying with Tier 1 requirements will simultaneously comply with IFRS Standards. Some other entities complying with Tier 1 requirements will also simultaneously comply with IFRS Standards.

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

Why we are making these proposals

In 2015 the AASB decided that proposals for reduced disclosure requirements (RDR) for eligible entities should be based on a final Standard rather than the Exposure Draft preceding the Standard. Three Standards issued since then do not presently include any Tier 2 disclosure concessions: AASB 16 *Leases* (February 2016), AASB 1058 *Income of Not-for-Profit Entities* (December 2016) and AASB 1059 *Service Concession Arrangements: Grantors* (July 2017). All of these Standards are applicable to annual reporting periods beginning on or after 1 January 2019. Reduced disclosure requirements in these Standards for Tier 2 entities need to be determined through a due process and are hence addressed in this Exposure Draft.

A new RDR decision-making framework is being developed jointly with the New Zealand Accounting Standards Board (NZASB) – see AASB Exposure Draft ED 277 *Reduced Disclosure Requirements for Tier 2 Entities* (January 2017). However, the proposed RDR framework has not been finalised and approved by the AASB. In its August 2017 meeting, the AASB decided to conduct further outreach on ED 277 and its financial reporting framework project, to which the RDR decision-making framework is linked. This will likely mean that the proposals in ED 277 will not be finalised in time for the effective date of the three subject Standards. Therefore, the current RDR decision-making framework provides the basis for determining disclosures for Tier 2 entities at this time.

What we are proposing

This Exposure Draft sets out the disclosures in AASB 16, AASB 1058 and AASB 1059 from which it is proposed entities applying Tier 2 reporting requirements should be exempt.

The AASB's conclusions in relation to proposed Tier 2 disclosure requirements in this Exposure Draft have been reached after applying the 'user need' and 'cost-benefit' principles set out in the 'Tier 2 Disclosure Principles' document of the current RDR decision-making framework. The 'Tier 2 Disclosure Principles' document is available on the AASB website under Work in Progress/Reduced Disclosure Requirements.

The disclosure concessions proposed in this Exposure Draft are set out separately for each of the three Standards. Entities applying Tier 2 requirements are proposed to be exempted from applying the disclosure requirements shown as shaded text.

The analysis of RDR concessions for AASB 16 has been performed jointly with the NZASB staff. Some of the disclosures in AASB 16 are similar to the disclosures in the IASB's *IFRS for SMEs* Standard. Therefore, the AASB 16 disclosures are compared with the *IFRS for SMEs* Standard Section 20, which corresponds to IFRS 17 *Leases*. The analyses of the disclosures, and the AASB's proposals in relation to those disclosures, are provided in Appendix A. Appendices B and C provide the analysis and proposals for AASB 1058 and AASB 1059 respectively.

Application date

It is proposed that the Tier 2 disclosure concessions would apply to annual reporting periods beginning on or after 1 January 2019, with early adoption permitted.

We need your feedback

The publication of an Exposure Draft 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.

Comments are invited on any of the proposals in this Exposure Draft by 31 March 2018. 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 proposed RDR concessions for AASB 16 *Leases*? If not, please provide reasons.

2 Do you agree with the proposed RDR concessions for AASB 1058 *Income of Not-for-Profit Entities*? If not, please provide reasons.

3 Do you agree that RDR concessions are not required for AASB 1059 *Service Concession Arrangements: Grantors*? If not, please provide reasons.

4 Do you agree with the proposed effective date of annual periods beginning on or after 1 January 2019 (with early adoption permitted)? If not, please explain why.

5 Do you have any other comments on the ED proposals?

General matters for comment

The AASB would also particularly value comments on the following general matters:

6 Whether there are any regulatory issues or other issues arising in the Australian environment that may affect the implementation of the proposals, particularly any issues relating to:

(a) not-for-profit entities; and

(b) public sector entities.

7 Whether, overall, the proposals would result in financial statements that would be useful to users.

8 Whether the proposals are in the best interests of the Australian economy.

9 Unless already provided in response to specific matters for comment above, the costs and benefits of the proposals relative to the current requirements, 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.

Exposure Draft ED 284
Recent Standards – Reduced Disclosure Requirements

Proposed Tier 2 disclosures:
AASB 16 *Leases*

Disclosure paragraphs 53(h), 54, 58, 90(b), 91, B50(a), (b) and (d), B51(a), (b) and (d), and B52 are proposed to be reduced or partly reduced and disclosure paragraph RDR 54.1 added. New text is underlined.

Lessee

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.**

52 A lessee shall disclose information about its leases for which it is a lessee in a single note or separate section in its financial statements. However, a lessee need not duplicate information that is already presented elsewhere in the financial statements, provided that the information is incorporated by cross-reference in the single note or separate section about leases.

53 A lessee shall disclose the following amounts for the reporting period:

(a) depreciation charge for right-of-use assets by class of underlying asset;

(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;

(h) additions to right-of-use assets;

(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.

54 A lessee shall provide the disclosures specified in paragraph 53 in a tabular format, unless another format is more appropriate. The amounts disclosed shall include costs that a lessee has included in the carrying amount of another asset during the reporting period.

RDR 54.1 The amounts disclosed in accordance with paragraph 53 shall include costs that a lessee has included in the carrying amount of another asset during the reporting period.

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 116, the lessee shall disclose the information required by paragraph 77 of AASB 116 for those right-of-use assets.

58 A lessee shall disclose a maturity analysis of lease liabilities applying paragraphs 39 and B11 of AASB 7 *Financial Instruments: Disclosures* separately from the maturity analyses of other financial liabilities.

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).

60 A lessee that accounts for short-term leases or leases of low-value assets applying paragraph 6 shall disclose that fact.

Lessor

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, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.

91 A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.

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. A lessor shall reconcile the undiscounted lease payments to the net

investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value.

Operating leases

95 For items of property, plant and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of AASB 116. In applying the disclosure requirements in AASB 116, a lessor shall disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by AASB 116 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.

96 A lessor shall apply the disclosure requirements in AASB 136, AASB 138, AASB 140 and AASB 141 for assets subject to 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
Application guidance

Lessee disclosures (paragraph 59)

B48 In determining whether additional information about leasing activities is necessary to meet the disclosure objective in paragraph 51, a lessee shall consider:

(a) whether that information is relevant to users of financial statements. A lessee shall provide additional information specified in paragraph 59 only if that information is expected to be relevant to users of financial statements. In this context, this is likely to be the case if it helps those users to understand:

(i) the flexibility provided by leases. Leases may provide flexibility if, for example, a lessee can reduce its exposure by exercising termination options or renewing leases with favourable terms and conditions.

(ii) restrictions imposed by leases. Leases may impose restrictions, for example, by requiring the lessee to maintain particular financial ratios.

(iii) sensitivity of reported information to key variables. Reported information may be sensitive to, for example, future variable lease payments.

(iv) exposure to other risks arising from leases.

(v) deviations from industry practice. Such deviations may include, for example, unusual or unique lease terms and conditions that affect a lessee's lease portfolio.

(b) whether that information is apparent from information either presented in the primary financial statements or disclosed in the notes. A lessee need not duplicate information that is already presented elsewhere in the financial statements.

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:

(a) the lessee's reasons for using extension options or termination options and the prevalence of those options;

(b) the relative magnitude of *optional lease payments* to lease payments;

(c) the prevalence of the exercise of options that were not included in the measurement of lease liabilities; and

(d) other operational and financial effects of those options.

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:

(a) the lessee's reasons for providing residual value guarantees and the prevalence of those guarantees;

(b) the magnitude of a lessee's exposure to residual value risk;

(c) the nature of underlying assets for which those guarantees are provided; and

(d) other operational and financial effects of those guarantees.

B52 Additional information relating to sale and leaseback transactions 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 sale and leaseback transactions and the prevalence of those transactions;

(b) key terms and conditions of individual sale and leaseback transactions;

(c) payments not included in the measurement of lease liabilities; and

(d) the cash flow effect of sale and leaseback transactions in the reporting period.

Appendix C
Effective date and transition

Transition

Definition of a lease

C4 If an entity chooses the practical expedient in paragraph C3, it shall disclose that fact and apply the practical expedient to all of its contracts. As a result, the entity shall apply the requirements in paragraphs 9–11 only to contracts entered into (or changed) on or after the date of initial application.

Lessees

C12 If a lessee elects to apply this Standard in accordance with paragraph C5(b), the lessee shall disclose information about initial application required by paragraph 28 of AASB 108, except for the information specified in paragraph 28(f) of AASB 108. Instead of the information specified in paragraph 28(f) of AASB 108, the lessee shall disclose:

(a) the weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application; and

(b) an explanation of any difference between:

(i) operating lease commitments disclosed applying AASB 117 at the end of the annual reporting period immediately preceding the date of initial application, discounted using the incremental borrowing rate at the date of initial application as described in paragraph C8(a); and

(ii) lease liabilities recognised in the statement of financial position at the date of initial application.

C13 If a lessee uses one or more of the specified practical expedients in paragraph C10, it shall disclose that fact.

Proposed Tier 2 disclosures:
AASB 1058 *Income of Not-for-Profit Entities*

Disclosure paragraphs 27, 34, 35(b), 36, 37 and C7(b) are proposed to be reduced or partly reduced.

Disclosure

23 **The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the effects of volunteer services and other transactions where an entity acquires an asset for consideration that is significantly less than fair value principally to enable the entity to further its objectives on the financial position, financial performance and cash flows of the entity. Paragraphs 24–41 specify requirements relating to this objective.**

24 An entity shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. An entity shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics.

25 An entity need not disclose information in accordance with this Standard if it has provided the information in accordance with another Standard.

26 An entity shall disclose income recognised during the period, disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors. An entity considers disclosing separately the following categories of income:

(a) grants, bequests and donations of cash, other financial assets and goods;

(b) recognised volunteer services; and

(c) for government departments and other public sector entities, appropriation amounts recognised as income, by class of appropriation.

27 To assist users to make informed judgements about the contribution of volunteer services and inventories to the achievement of the entity's objectives during the reporting period, and the entity's dependence on such contributions for the achievement of its objectives in the future, an entity is encouraged to disclose qualitative information, by major class of transaction, about the nature of the entity's dependence arising from:

(a) volunteer services it receives, including those not recognised; and

(b) inventories held but not recognised as assets during the period.

Non-contractual income arising from statutory requirements

28 An entity shall disclose income arising from statutory requirements (such as taxes, rates and fines) recognised during the period, disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors.

29 To meet the objective in paragraph 23, an entity shall consider disclosing information about assets and liabilities recognised at the reporting date in accordance with this Standard, including the amounts of:

(a) receivables that are not a financial asset as defined in AASB 132 *Financial Instruments: Presentation* (eg income tax receivable from a taxpayer), and:

(i) interest income recognised in relation to such receivables during the period; and

(ii) impairment losses recognised in relation to such receivables during the period; and

(b) financial liabilities relating to prepaid taxes or rates for which the *taxable event* has yet to occur, and the future period(s) to which those taxes or rates relate.

30 Other information that may be appropriate for an entity to disclose includes, for each class of taxation income that the entity cannot measure reliably during the period in which the taxable event occurs (see paragraphs B28–B31):

(a) information about the nature of the tax;

(b) the reason(s) why that income cannot be measured reliably; and

(c) when that uncertainty might be resolved.

Transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity

31 An entity shall disclose the opening and closing balances of financial assets arising from transfers to enable an entity to acquire or construct recognisable non-financial assets to be controlled by the entity and the associated liabilities arising from such transfers, if not otherwise separately presented or disclosed. An entity shall also disclose income recognised in the reporting period arising from the reduction of an associated liability.

32 An entity shall disclose information about its obligations under such transfers, including a description of when the entity typically satisfies its obligations (for example, as the asset is constructed, upon completion of construction or when the asset is acquired).

33 An entity shall disclose an explanation of when it expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period. An entity may disclose this information in either of the following ways:

(a) on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining obligations; or

(b) through qualitative information.

34 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 income arising from transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity. In particular, an entity shall explain the judgements, and changes in the judgements, made in determining the timing of satisfaction of obligations (see paragraphs 35 and 36).

35 For obligations that an entity satisfies over time, an entity shall disclose both of the following:

(a) the methods used to recognise income (for example, a description of the output methods or input methods used and how those methods are applied); and

(b) an explanation of why the methods used provide a faithful depiction of the entity's progress toward satisfying its obligations.

36 For obligations satisfied at a point in time, an entity shall disclose the significant judgements made in evaluating when it has satisfied its obligations.

Restrictions

37 An entity is encouraged to disclose information about externally imposed restrictions that limit or direct the purpose for which resources controlled by the entity may be used. For example, an entity may elect to disclose an explanation of the judgements used in determining whether funds are restricted and any of, or any combination of, the following:

(a) assets to be used for specified purposes;

(b) components of equity divided into restricted and unrestricted amounts; and

(c) total comprehensive income divided into restricted and unrestricted amounts – either on the face of the statement of profit or loss and other comprehensive income or in the notes.

Compliance with parliamentary appropriations and other related authorities for expenditure

38 Paragraphs 39–41 apply only to government departments and other public sector entities that obtain part or all of their spending authority for the period from a parliamentary appropriation. The amounts disclosed in accordance with paragraphs 39–41 include any amounts appropriated in respect of which the entity recognises revenue or other income in accordance with another Australian Accounting Standard.

39 An entity shall disclose:

(a) a summary of the recurrent, capital or other major categories of amounts authorised for expenditure (including parliamentary appropriations), disclosing separately:

(i) the original amounts appropriated; and

(ii) **the total of any supplementary amounts appropriated and amounts authorised other than by way of appropriation (eg by the Treasurer, other Minister or other legislative authority);**

(b) **the expenditures in respect of each of the items disclosed in (a) above; and**

(c) **the reasons for any material variances between the amounts appropriated or otherwise authorised and the resulting associated expenditures, and any financial consequences for the entity of unauthorised expenditure.**

40 For the purposes of resource allocation decisions, including assessments of accountability, this Standard requires that users of financial statements of government departments and other public sector entities that obtain part or all of their spending authority for the period from a parliamentary appropriation be provided with information about the amounts appropriated or otherwise authorised for the entity's use, and whether the entity's expenditures were as authorised. This information may be based on acquittal processes applied by an entity. When spending limits imposed by parliamentary appropriation or other authorisation have not been complied with, information regarding the amount of, and reasons for, the non-compliance is relevant for assessing the performance of management, the likely consequences of non-compliance, and the ability of the entity to continue to provide services at a similar or different level in the future.

41 Broad summaries of the major categories of appropriations and associated expenditures, rather than detailed reporting of appropriations for each activity or output, is sufficient for most users of such an entity's financial statements. Determining the level of detail and the structure of the summarised information is a matter of judgement. To develop effective disclosures, entities also subject to AASB 1055 *Budgetary Reporting* might consider the variance disclosure requirements in that Standard at the same time.

Appendix C
Effective date and transition

Effective date

C1 An entity shall apply this Standard for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided that entities apply AASB 15 *Revenue from Contracts with Customers* to the same period. If an entity applies this Standard earlier, it shall disclose that fact.

Transition

C5 When applying this Standard retrospectively in accordance with paragraph C3(a), as a practical expedient an entity need not restate completed contracts or transactions that:

(a) begin and end within the same annual reporting period; or

(b) are completed contracts or transactions at the beginning of the earliest period presented.

If an entity applies this expedient, it shall do so consistently to all completed contracts or transactions within all reporting periods presented and shall disclose the use of this expedient.

C7 For the reporting period that includes the date of initial application, an entity shall provide both of the following additional disclosures if this Standard is applied retrospectively in accordance with paragraph C3(b):

(a) the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 1004 *Contributions* before the change; and

(b) an explanation of the reasons for significant changes identified in paragraph C7(a).

Proposed Tier 2 disclosures: AASB 1059 *Service Concession Arrangements: Grantors*

The disclosure requirements in AASB 1059 are shown below. No RDR concessions are proposed. Hence, none of the text is shaded.

Presentation and disclosure (paragraphs B79–B80)

28 **The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements. To achieve this, an entity shall consider disclosing qualitative and quantitative information about its service concession arrangements, including the following:**

- **(a) a description of the arrangements;**
- **(b) significant terms of the arrangements that may affect the amount, timing and uncertainty of future cash flows (eg the period of the arrangement, re-pricing dates and the basis upon which re-pricing or renegotiation is determined);**
- **(c) the nature and extent (eg quantity, time period, or amount, as appropriate) of:**
  - **(i) rights to receive specified services from the operator;**
  - **(ii) the carrying amount of service concession assets as at the end of the reporting period, including separate disclosure for existing assets of the grantor reclassified as service concession assets during the reporting period;**
  - **(iii) rights to receive specified assets at the end of an arrangement;**
  - **(iv) renewal and termination options;**
  - **(v) other rights and obligations (eg major overhaul of service concession assets); and**
  - **(vi) obligations to provide the operator with access to service concession assets or other revenue-generating assets; and**
- **(d) changes in arrangements occurring during the reporting period.**

29 The disclosures provided by an entity in accordance with paragraph 28 are provided individually for each material service concession arrangement or in aggregate for service concession arrangements involving services of a similar nature, in addition to disclosures required by AASB 116 and AASB 138. Service concession assets of a similar nature may form a subset of a class of assets disclosed in accordance with AASB 116 or AASB 138 or may be included in more than one class of assets disclosed in accordance with AASB 116 or AASB 138. For example, for the purposes of AASB 116, a toll bridge may be included in the same class as other bridges, and for the purposes of paragraph 28 may be included with service concession assets reported in aggregate as toll roads.

Appendix B
Application guidance

Presentation and disclosure (paragraphs 28–29)

B79 Disclosures relating to various aspects of service concession arrangements may be addressed in other Standards. This Standard addresses only the additional disclosures relating to service concession arrangements. Where the accounting for a particular aspect of a service concession arrangement is addressed in another Standard, the grantor follows the relevant disclosure requirements of that Standard in addition to those set out in paragraphs 28 and 29. The grantor also applies the relevant presentation and disclosure requirements in other Standards as they pertain to assets, liabilities, revenues, and expenses recognised under this Standard.

B80 AASB 101 requires finance costs (if any) to be presented separately in the statement of profit and loss and other comprehensive income. Finance charges (if any) determined in accordance with paragraph B67 that are expensed are included in this item.

Appendix C
Effective date and transition

Effective date

C1 An entity shall apply this Standard for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for periods beginning before 1 January 2019. If an entity applies this Standard for an earlier period, it shall disclose that fact.

Transition

C4 If a grantor elects to apply this Standard retrospectively in accordance with paragraph C3(b), the grantor shall:

(a) measure the deemed cost of a service concession asset (including an existing asset of the grantor reclassified as a service concession asset) at fair value (current replacement cost) at the date of initial application;

(b) measure a financial liability arising under a service concession arrangement in accordance with this Standard at the date of initial application;

(c) measure a liability representing the unearned portion of any revenue arising from the receipt of a service concession asset under the grant of a right to the operator model at the fair value (current replacement cost) of the related service concession asset at the date of initial application, adjusted to reflect the remaining period of the service concession arrangement relative to the remaining economic life of the asset, less any related financial liabilities measured in accordance with paragraph (b);

(d) recognise any net adjustments to the amounts of assets and liabilities as an adjustment to the opening balance of accumulated surplus (deficiency) at the date of initial application; and

(e) disclose that it has applied this transition approach and information relating to the measurement of the assets and liabilities in support of the disclosure objective in paragraph 28.

Appendix A
Analysis of Disclosure Requirements in AASB 16 *Leases* with a View to Determining Tier 2 Disclosure Requirements

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
Lessee	We note that AASB 3 and AASB 7 use a different approach re disclosure objectives, where the objective is reduced. We recommend using the same approach for AASB 16.
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.**	Paragraph 51 identifies the objective of the disclosures for lessees in the Standard. As such, it is not a disclosure requirement. It refers to paragraphs 52–60 that are, in part, retained for Tier 2 entities. Treated as guidance relating to a disclosure that is retained. Therefore retain paragraph 51 for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 *Leases* include disclosure objective paragraphs, so they do not provide any precedent.
52 A lessee shall disclose information about its leases for which it is a lessee in a single note or separate section in its financial statements. However, a lessee need not duplicate information that is already presented elsewhere in the financial statements, provided that the information is incorporated by cross-reference in the single note or separate section about leases.	Paragraph 52 specifies two ways of disclosing information – in a note or in a separate section. This prohibits disclosure from being spread out across financial statements. Treated as a presentation requirement. Therefore retain paragraph 52 for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such requirements.
53 A lessee shall disclose the following amounts for the reporting period: (a) depreciation charge for right-of-use assets by class of underlying asset;	Paragraph 53(a) requires disclosure of depreciation charges by class of underlying asset for the reporting period. It meets user needs regarding disaggregation of amounts presented in the financial statements. Therefore retain paragraph 53(a) for Tier 2 entities. The *IFRS for SMEs* Standard does not address right-of-use assets but the disclosures for assets provide some precedent. Similar disclosures are required by the *IFRS for SMEs* Standard in paragraphs 20.14 and 20.31 in relation to leases, including by class of underlying asset in paragraph

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
	17.31(e)(vi) in relation to property, plant and equipment. This is consistent with AASB 117/NZ IAS 17 paragraph 32 and AASB 116/NZ IAS 16 paragraph 73(e)(vii), which require disclosure of depreciation by class of asset and are retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/ NZ IFRS 16 paragraph 53(a).
(b) interest expense on lease liabilities;	Paragraph 53(b) requires disclosure of finance costs for the reporting period. It meets user needs regarding liquidity and solvency, as well as short-term cash flows. Therefore retain paragraph 53(b) for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 5.5(b) in relation to the statement of comprehensive income and income statement. This is consistent with AASB 101/NZ IAS 1 paragraph 82(b), which requires disclosure of finance costs and is retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 53(b).
(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; The disclosures in paras (c) and (d) are more specific than requiring disclosure of lease payments that are recognised as expense. Are these disclosure really necessary for RDR entities?	Paragraph 53(c) requires disclosure of short-term lease expenses for the reporting period. It meets user needs regarding short-term cash flows, obligations, commitments and contingencies. Therefore retain paragraph 53(c) for Tier 2 entities. The *IFRS for SMEs* Standard deals with operating leases and makes no reference to short-term leases. The disclosure is similar, in principle, to the disclosure of operating lease payments in paragraph 20.16(b) in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraph 35(c), which is retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/ NZ IFRS 16 paragraph 53(c).
(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);	Paragraph 53(d) requires disclosure of low-value lease expenses for the reporting period. It meets user needs regarding liquidity and solvency, as well as short-term cash flows, obligations, commitments and contingencies. Therefore retain paragraph 53(d) for Tier 2 entities. The *IFRS for SMEs* Standard deals with operating leases and makes no reference to leases of low-value assets. The disclosure is similar, in principle, to the disclosure of

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
	operating lease payments in paragraph 20.16(b) in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraph 35(c), which is retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/ NZ IFRS 16 paragraph 53(d).
(e) the expense relating to variable lease payments not included in the measurement of lease liabilities;	Paragraph 53(e) requires disclosure of variable lease payments, not measured in lease liabilities, for the reporting period. It meets user needs regarding obligations, commitments and contingencies, whether or not recognised as liabilities. Therefore retain paragraph 53(e) for Tier 2 entities. The *IFRS for SMEs* Standard does not require lessees to disclose contingent rents paid. AASB 117/NZ IAS 17 paragraph 31(c) and, in part, paragraph 35(c), which require disclosure of contingent rents, are reduced for Tier 2 entities under the current RDR framework. This would suggest reducing AASB 16/ NZ IFRS 16 paragraph 53(e) for Tier 2 entities. However, applying the current RDR framework, should retain paragraph 53(e) for Tier 2 entities, given the potential for significant variable lease payments to no longer be identifiable in the financial statements, as there would no longer be a specific requirement for "operating" lease expenses to be disclosed.
(f) income from subleasing right-of-use assets; I can see the arguments, but what about cost vs benefits?	Paragraph 53(f) requires disclosure of sublease income for the reporting period. It meets user needs regarding short-term cash flows, obligations, commitments and contingencies. Therefore retain paragraph 53(f) for Tier 2 entities. The *IFRS for SMEs* Standard does not require lessees to disclose income from subleasing assets. AASB 117/NZ IAS 17 paragraphs 31(d) and 35(b) reduce the requirements to disclose the total of future sublease payments expected to be received by Tier 2 entities under the current RDR framework. However, should retain AASB 16/NZ IFRS 16 paragraph 53(f) as it addresses sublease income recognised for the current reporting period, not future income.
(g) total cash outflow for leases;	Paragraph 53(g) requires disclosure of lease cash outflow for the reporting period. It meets user needs regarding liquidity and solvency, as well as short-term cash flows. Therefore retain paragraph 53(g) for Tier 2 entities.

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
	Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such disclosure requirements.
(h) additions to right-of-use assets; Conclusion appears inconsistent with arguments provided and also with the disclosures required under AASB 116 and AASB 117. Why exclude this but not the detailed disclosures above?	Paragraph 53(h) requires disclosure of additions to right-of-use assets for the reporting period. It does not specifically meet any particular user needs. Therefore reduce paragraph 53(h) for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraphs 20.14 and 20.31 in relation to leases and in paragraph 17.31(e)(i) in relation to property, plant and equipment. This is consistent with AASB 117/NZ IAS 17 paragraph 32 and with AASB 116/NZ IAS 16 paragraph 73(e)(i), which require disclosure of additions and are retained for Tier 2 entities under the current RDR framework. This would suggest retaining AASB 16/NZ IFRS 16 paragraph 53(h) for Tier 2 entities. However, applying the current RDR framework, should reduce paragraph 53(h) for Tier 2 entities on the basis of limited utility to users.
(i) gains or losses arising from sale and leaseback transactions; and	Paragraph 53(i) requires disclosure of gains/losses from sale and leaseback transactions for the reporting period. It meets user needs regarding transactions and other events and conditions. Therefore retain paragraph 53(i) for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such disclosure requirements.
(j) the carrying amount of right-of-use assets at the end of the reporting period by class of underlying asset.	Paragraph 53(j) requires disclosure of asset carrying amounts by class of underlying asset. It meets user needs regarding liquidity and solvency. Therefore retain paragraph 53(j) for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 20.13(a) in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraph 31(a), which requires disclosure of the net carrying amount for each class of asset and is retained for Tier 2 entities under the current RDR framework. Therefore should

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
	retain AASB 16/NZ IFRS 16 paragraph 53(j) for Tier 2 entities.
54 A lessee shall provide the disclosures specified in paragraph 53 in a tabular format, unless another format is more appropriate. The amounts disclosed shall include costs that a lessee has included in the carrying amount of another asset during the reporting period. <u>RDR 54.1 The amounts disclosed in accordance with paragraph 53 shall include costs that a lessee has included in the carrying amount of another asset during the reporting period.</u>	Paragraph 54 specifies the disclosure format for paragraph 53 and a measurement requirement. The *first sentence* is treated as a disclosure requirement that does not meet any user needs, given its non-directive nature. The *second sentence* is treated as a measurement rather than a disclosure requirement. Therefore reduce the *first sentence* and retain the *second sentence* of paragraph 54 for Tier 2 entities by means of an RDR paragraph. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such requirements.
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.	Paragraph 55 requires disclosure of commitments for short-term leases in some circumstances. It meets user needs regarding liquidity and solvency, as well as obligations, commitments and contingencies. Therefore retain paragraph 55 for Tier 2 entities. The *IFRS for SMEs* Standard requires similar, but more general, disclosures in paragraph 20.16(a) in relation to leases. This is consistent with AASB 117/ NZ IAS 17 paragraph 35(a), which requires disclosure of future minimum lease payments and is retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 55 for Tier 2 entities.
56 If right-of-use assets meet the definition of investment property, a lessee shall apply the disclosure requirements in AASB 140/NZ IAS 40. 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.	Paragraph 56 provides guidance relating to disclosure requirements in AASB 140/NZ IAS 40 that are, in part, retained for Tier 2 entities. Treated as guidance relating to disclosures that are retained. Therefore retain AASB 16/NZ IFRS 16 paragraph 56 for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 16.11 in relation to investment property. This is consistent with AASB 140/NZ IAS 40 paragraph 74, which is retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 56 for Tier 2 entities.
57 If a lessee measures right-of-use assets at revalued amounts applying AASB 116/NZ IAS 16, the lessee shall disclose the information required by	Paragraph 57 requires disclosures in AASB 116/NZ IAS 16 paragraph 77, which is, in part, retained for Tier 2 entities.

AASB 16 Disclosure Requirement (and RDR Proposal)		Analysis and Proposal
	paragraph 77 of AASB 116/NZ IAS 16 for those right-of-use assets.	Treated as a disclosure requirement. Cross-referenced disclosures in paragraph 77 of AASB 116/NZ IAS 16 are, in part, retained for Tier 2 entities. Therefore retain AASB 16/NZ IFRS 16 paragraph 57 for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 17.33 in relation to property, plant and equipment. This is consistent, except for paragraph 17.33(c), with AASB 116/NZ IAS 16 paragraph 77, which is, in part, retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/ NZ IFRS 16 paragraph 57 for Tier 2 entities.
58	A lessee shall disclose a maturity analysis of lease liabilities applying paragraphs 39 and B11 of AASB 7/NZ IFRS 7 *Financial Instruments: Disclosures* separately from the maturity analyses of other financial liabilities.	Paragraph 58 requires disclosure of a maturity analysis of lease liabilities. It meets user needs regarding liquidity and solvency, as well as obligations, commitments and contingencies. However, the cross-referenced paragraphs 39 and B11 of AASB 7/NZ IFRS 7 are both currently reduced for Tier 2 entities. It would be inconsistent to require a maturity analysis for lease liabilities but not other liabilities. Therefore reduce AASB 16/NZ IFRS 16 paragraph 58 for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraphs 20.13(b) and 20.16(a) in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraphs 31(b) and 35(a), which is retained under the current RDR framework. However, there is a stronger precedent in AASB 7/NZ IFRS 7. Therefore should reduce AASB 16/NZ IFRS 16 paragraph 58 for Tier 2 entities.
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);	Paragraph 59 requires additional disclosure to meeting the disclosure objective. *First sentence* is a disclosure requirement. *Second sentence* is guidance to meet this disclosure requirement. *First sentence* meets user needs regarding liquidity and solvency. *Second sentence* is guidance that relates to disclosure that is retained. Therefore retain the whole of paragraph 59 for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraphs 20.13(c), 20.16(c) and 20.35 in relation to leases. This is consistent with AASB 117/ NZ IAS 17 paragraphs 31(e), 35(d) and 65, which are retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 59 for Tier 2 entities.

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
(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).	
60 A lessee that accounts for short-term leases or leases of low-value assets applying paragraph 6 shall disclose that fact. Shouldn't the requirements in AASB 101 to disclose accounting policies be sufficient?	Paragraph 60 requires disclosure of an accounting policy choice. It meets user needs regarding the entity's accounting policies. Therefore retain paragraph 60 for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such disclosure requirements.
Lessor **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.**	Paragraph 89 identifies the objective of the disclosures for lessors in the Standard. As such, it is not a disclosure requirement. It refers to paragraphs 90–97 that are, in part, retained for Tier 2 entities. Treated as guidance relating to a disclosure that is retained. Therefore retain paragraph 89 for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include disclosure objective paragraphs.
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.	Paragraph 90(a) requires disclosures for finance leases. It meets user needs regarding disaggregation of amounts presented in the financial statements. Therefore retain paragraph 90(a) for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 20.23(e) in relation to leases and the other disclosures may be relevant to a general description in paragraph 20.23(f). This is consistent with AASB 117/NZ IAS 17 paragraph 47, which is retained for Tier 2 entities under the current RDR framework. Therefore

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
	should retain AASB 16/NZ IFRS 16 paragraph 90(a) for Tier 2 entities.
(b) for operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.	Paragraph 90(b) requires disclosures for operating leases. It meets user needs regarding disaggregation of amounts presented in the financial statements. However, the cost of providing the more detailed disclosures would be likely to exceed the benefits. Therefore retain paragraph 90(b) for Tier 2 entities only in part. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 20.30 in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraph 56, which is, in part, retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 90(b) for Tier 2 entities only in part.
91 A lessor shall provide the disclosures specified in paragraph 90 in a tabular format, unless another format is more appropriate.	Paragraph 91 specifies the disclosure format for paragraph 90. It does not meet any user needs, given its non-directive nature. Therefore reduce paragraph 91 for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such requirements.
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.	Paragraph 92 requires additional disclosure to meeting the disclosure objective. *First sentence* is a disclosure requirement. *Second sentence* is guidance to meet this disclosure requirement. *First sentence* meets user needs regarding the nature of transactions and other events. *Second sentence* is guidance that relates to disclosure that is retained. Therefore retain the whole of paragraph 92 for Tier 2 entities. The *IFRS for SMEs* Standard requires general disclosures in paragraphs 20.23(f), and 20.30(c) in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraphs 47(f) and 56(c), which are retained under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 92 for Tier 2 entities.
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	 Paragraph 93 requires disclosure explaining changes in net investment in finance leases.

AASB 16 Disclosure Requirement (and RDR Proposal)		Analysis and Proposal
	leases.	It meets user needs regarding liquidity and solvency. Therefore retain paragraph 93 for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such requirements.
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. A lessor shall reconcile the undiscounted lease payments to the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value.	Paragraph 94 requires disclosure of a maturity analysis of lease payments receivable and reconciliation to the net investment in leases. It meets user needs regarding liquidity and solvency. Therefore retain AASB 16/ NZ IFRS 16 paragraph 94 for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 20.23 in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraph 47, which is retained under the current RDR framework. Therefore should retain AASB 16/ NZ IFRS 16 paragraph 94 for Tier 2 entities.
	Operating leases	
95	For items of property, plant and equipment subject to an operating lease, a lessor shall apply the disclosure requirements of AASB 116/NZ IAS 16. In applying the disclosure requirements in AASB 116/NZ IAS 16, a lessor shall disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases. Accordingly, a lessor shall provide the disclosures required by AASB 116/ NZ IAS 16 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.	Paragraph 95 requires disclosures in AASB 116/NZ IAS 16, which are, in part, retained for Tier 2 entities. Treated as a disclosure requirement. Cross-referenced disclosures in AASB 116/NZ IAS 16 are, in part, retained for Tier 2 entities. Therefore retain AASB 16/NZ IFRS 16 paragraph 95 for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 20.31 in relation to leases and in paragraphs 17.31, 17.32 and 17.33 in relation to property, plant and equipment. This is consistent with paragraphs 73, 74 and 77 of AASB 116/ NZ IAS 16, which are, in part, retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 95 for Tier 2 entities.
96	A lessor shall apply the disclosure requirements in AASB 136/NZ IAS 36, AASB 138/NZ IAS 38, AASB 140/NZ IAS 40 and AASB 141/NZ IAS 41 for assets subject to operating leases.	Paragraph 96 requires disclosures in other Standards, which are, in part, retained for Tier 2 entities. Treated as a disclosure requirement. Cross-referenced disclosures are, in part, retained for Tier 2 entities. Therefore retain AASB 16/NZ IFRS 16 paragraph 96 for Tier 2 entities.

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
	The *IFRS for SMEs* Standard requires similar disclosures in 20.31 in relation to leases and other respective Sections. This is consistent with AASB 117/NZ IAS 17 paragraph 57 and other respective Standards, which is retained for Tier 2 entities under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 96 for Tier 2 entities.
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.	Paragraph 97 requires disclosure of a maturity analysis of lease payments to be received. It meets user needs regarding liquidity and solvency. Therefore retain paragraph 97 for Tier 2 entities. The *IFRS for SMEs* Standard requires similar disclosures in paragraph 20.30(a) in relation to leases. This is consistent with AASB 117/NZ IAS 17 paragraph 56(a), which is, in part, retained under the current RDR framework. Therefore should retain AASB 16/NZ IFRS 16 paragraph 97 for Tier 2 entities.
Appendix B **Lessee disclosures (paragraph 59)** B48 In determining whether additional information about leasing activities is necessary to meet the disclosure objective in paragraph 51, a lessee shall consider: (a) whether that information is relevant to users of financial statements. A lessee shall provide additional information specified in paragraph 59 only if that information is expected to be relevant to users of financial statements. In this context, this is likely to be the case if it helps those users to understand: (i) the flexibility provided by leases. Leases may provide flexibility if, for example, a lessee can reduce its exposure by exercising termination options or renewing leases with favourable terms and conditions. (ii) restrictions imposed by leases. Leases may impose restrictions, for example, by requiring the lessee to maintain particular financial ratios. (iii) sensitivity of reported information to key variables. Reported information may be sensitive to, for example,	Paragraph B48 provides guidance to meeting the disclosure objective specified in paragraph 51. Treated as guidance relating to disclosures in paragraph 59 that are retained. Therefore retain paragraph B48 for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such requirements.

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
future variable lease payments. (iv) exposure to other risks arising from leases. (v) deviations from industry practice. Such deviations may include, for example, unusual or unique lease terms and conditions that affect a lessee's lease portfolio. (b) whether that information is apparent from information either presented in the primary financial statements or disclosed in the notes. A lessee need not duplicate information that is already presented elsewhere in the financial statements.	
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.	Paragraph B49 provides guidance to meeting the disclosure objective specified in paragraph 51. Treated as guidance relating to disclosures in paragraph 59 that are retained. Therefore retain paragraph B49 for Tier 2 entities. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such requirements.
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: (a) the lessee's reasons for using extension options or termination options and the prevalence of those options; (b) the relative magnitude of optional lease payments to lease payments; (c) the prevalence of the exercise of options that were not included in the measurement of lease liabilities; and (d) other operational and financial effects of those options.	Paragraph B50 provides guidance to meeting the disclosure objective specified in paragraph 51. Treated as guidance relating to disclosures in paragraph 59 that are retained. However, the cost of providing some of the detailed disclosures would be likely to exceed the benefits. Therefore retain paragraph B50 for Tier 2 entities only in part. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such requirements.

AASB 16 Disclosure Requirement (and RDR Proposal)		Analysis and Proposal
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: (a) the lessee's reasons for providing residual value guarantees and the prevalence of those guarantees; (b) the magnitude of a lessee's exposure to residual value risk; (c) the nature of underlying assets for which those guarantees are provided; and (d) other operational and financial effects of those guarantees.	Paragraph B51 provides guidance to meeting the disclosure objective specified in paragraph 51. Treated as guidance relating to disclosures in paragraph 59 that are retained. However, the cost of providing some of the detailed disclosures would be likely to exceed the benefits. Therefore retain paragraph B51 for Tier 2 entities only in part. Neither the *IFRS for SMEs* Standard nor AASB 117/NZ IAS 17 include such requirements.
B52	Additional information relating to sale and leaseback transactions 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 sale and leaseback transactions and the prevalence of those transactions; (b) key terms and conditions of individual sale and leaseback transactions; (c) payments not included in the measurement of lease liabilities; and (d) the cash flow effect of sale and leaseback transactions in the reporting period.	Paragraph B52 provides guidance to meeting the disclosure objective specified in paragraph 51. Treated as guidance relating to disclosures in paragraph 59 that are retained. However, the cost of providing the detailed disclosures would be likely to exceed the benefits. Therefore reduce paragraph B52 for Tier 2 entities. The *IFRS for SMEs* Standard requires disclosures for lessees and lessors for sale and leaseback transactions. These disclosures could be required under paragraphs 20.13(c) and 20.16(c) as part of the general description of significant leasing arrangements. This is consistent with AASB 117/NZ IAS 17 paragraph 65, which is retained for Tier 2 entities under the current RDR framework. However, applying the current RDR framework and the cost-benefit principle, which takes precedence over corroboration with the *IFRS for SMEs* Standard, should reduce paragraph B52 for Tier 2 entities.

AASB 16 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
Transition **Definition of a lease** C4 If an entity chooses the practical expedient in paragraph C3 [not reassessing whether a contract is, or contains, a lease], it shall disclose that fact and apply the practical expedient to all of its contracts. As a result, the entity shall apply the requirements in paragraphs 9–11 only to contracts entered into (or changed) on or after the date of initial application.	Highlighted text was shaded in Dec papers - now disclosure mandatory. Is it necessary? Wouldn't the general requirements in AASB 108 be sufficient? Paragraph 28(d) of AASB 108/NZ IAS 8 requires, when applicable, the disclosure of a description of the transitional provisions upon initial application of an Australian Accounting Standard/NZ IFRS. Paragraph 28(d) is identified as an RDR in AASB 108/NZ IAS 8. However, the disclosure requirement in paragraph C4 addresses an accounting policy choice and benefits to users are expected to exceed the costs to preparers. Therefore, retain paragraph C4 for Tier 2 entities.
C12 If a lessee elects to apply this Standard in accordance with paragraph C5(b) [retrospective application, with the cumulative effect of initially applying the Standard recognised at the date of initial application], the lessee shall disclose information about initial application required by paragraph 28 of AASB 108/NZ IAS 8, except for the information specified in paragraph 28(f) of AASB 108/NZ IAS 8. Instead of the information specified in paragraph 28(f) of AASB 108/NZ IAS 8, the lessee shall disclose: (a) the weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position at the date of initial application; and (b) an explanation of any difference between: (i) operating lease commitments disclosed applying AASB 117/NZ IAS 17 at the end of the annual reporting period immediately preceding the date of initial application, discounted using the incremental borrowing rate at the date of initial application as described in paragraph C8(a); and (ii) lease liabilities recognised in the statement of financial position at the date of initial application.	Paragraph 28 of AASB 108/NZ IAS 8 contains reductions for some of the disclosures required in respect of the initial application of a Standard. Retain the first sentence so that Tier 2 entities are required to make the relevant disclosures required by AASB 108/NZ IAS 8. The disclosures specified to replace paragraph 28(f) are specific to changes in lease accounting requirements, and therefore more relevant to users. Therefore retain the whole of paragraph C12 for Tier 2 entities.
C13 If a lessee uses one or more of the specified practical expedients in paragraph C10 [for example, application of a single discount rate to a portfolio of leases with similar characteristics, reliance on assessment of whether a lease is onerous applying AASB 137/NZ IAS 37 immediately before the date of initial application], it shall disclose that fact.	Paragraph 28(d) of AASB 108/NZ IAS 8 requires, when applicable, the disclosure of a description of the transitional provisions upon initial application of an Australian Accounting Standard/NZ IFRS. Paragraph 28(d) is identified as an RDR in AASB 108/NZ IAS 8. However, the disclosure requirement in paragraph C13 addresses an accounting policy choice and benefits to users are expected to exceed the costs to preparers. Therefore, retain paragraph C13 for Tier 2 entities.

Was shaded in AASB papers, subsequently changed. Is this disclosure really necessary? Wouldn't the general requirements in AASB 108 be sufficient?

Appendix B
Analysis of Disclosure Requirements in AASB 1058 *Income of Not-for-Profit Entities* with a View to Determining Tier 2 Disclosure Requirements

AASB 1058 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
Disclosure **23** **The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the effects of volunteer services and other transactions where an entity acquires an asset for consideration that is significantly less than fair value principally to enable the entity to further its objectives on the financial position, financial performance and cash flows of the entity. Paragraphs 24–41 specify requirements relating to this objective.**	Paragraph 23 identifies the objective of the disclosure requirements in the Standard. As such, it is not a disclosure requirement. It refers to paragraphs 24–41 which are, in part, retained for Tier 2 entities. Treated as guidance relating to a disclosure that is retained. Therefore retain paragraph 23 for Tier 2 entities. Same comment as raised on AASB 16 re disclosure objective. Consider whether it could be reduced.
24 An entity shall consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. An entity shall aggregate or disaggregate disclosures so that useful information is not obscured by either the inclusion of a large amount of insignificant detail or the aggregation of items that have substantially different characteristics.	Paragraph 24 explains the level of detail necessary to meeting the disclosure objective. No explicit disclosure requirements. Treated as guidance that is beneficial to meeting the disclosure objectives. Therefore retain paragraph 24 for Tier 2 entities.
25 An entity need not disclose information in accordance with this Standard if it has provided the information in accordance with another Standard.	Paragraph 25 outlines the option available to entities when information has been disclosed in accordance with another Standard. No additional disclosure requirements. Treated as guidance that is beneficial to meeting the disclosure objectives. Therefore retain paragraph 25 for Tier 2 entities.
26 An entity shall disclose income recognised during the period, disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors. An entity considers disclosing separately the following categories of income: (a) grants, bequests and donations of cash, other financial assets and goods; (b) recognised volunteer services; and	Paragraph 26 requires disclosure of disaggregated income amounts. It meets user needs regarding disaggregation of amounts presented in the financial statements. Therefore retain paragraph 26 for Tier 2 entities.

AASB 1058 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
(c) for government departments and other public sector entities, appropriation amounts recognised as income, by class of appropriation.	
27 To assist users to make informed judgements about the contribution of volunteer services and inventories to the achievement of the entity's objectives during the reporting period, and the entity's dependence on such contributions for the achievement of its objectives in the future, an entity is encouraged to disclose qualitative information, by major class of transaction, about the nature of the entity's dependence arising from: (a) volunteer services it receives, including those not recognised; and (b) inventories held but not recognised as assets during the period.	Paragraph 27 encourages entities to disclose qualitative information by major class of transaction. Encouraged disclosures are reduced. Therefore reduce paragraph 27 for Tier 2 entities.
Non-contractual income arising from statutory requirements 28 An entity shall disclose income arising from statutory requirements (such as taxes, rates and fines) recognised during the period, disaggregated into categories that reflect how the nature and amount of income (and the resultant cash flows) are affected by economic factors.	Paragraph 28 requires disaggregated disclosure of income arising from statutory requirements. It meets user needs regarding disaggregation of amounts presented in the financial statements. Benefits of disclosure are expected to exceed the costs. Therefore retain paragraph 28 for Tier 2 entities.
29 To meet the objective in paragraph 23, an entity shall consider disclosing information about assets and liabilities recognised at the reporting date in accordance with this Standard, including the amounts of: (a) receivables that are not a financial asset as defined in AASB 132 Financial Instruments: Presentation (eg income tax receivable from a taxpayer), and: (i) interest income recognised in relation to such receivables during the period; and (ii) impairment losses recognised in relation to such receivables during the period; and (b) financial liabilities relating to prepaid taxes or rates for which the taxable event has yet to occur, and the future period(s) to which those taxes or rates relate.	Paragraph 29 provides guidance to meeting the disclosure objective specified in paragraph 23. Treated as guidance that is beneficial to meeting the disclosure objectives. Therefore retain paragraph 29 for Tier 2 entities.
30 Other information that may be appropriate for an entity to disclose includes, for each class of taxation income that the entity cannot measure reliably during the period in which the taxable event occurs (see paragraphs B28–	Paragraph 30 provides guidance to meeting the disclosure objective specified in paragraph 23. Treated as guidance that is beneficial to meeting the disclosure objectives. Therefore

AASB 1058 Disclosure Requirement (and RDR Proposal)		Analysis and Proposal
	B31): (a) information about the nature of the tax; (b) the reason(s) why that income cannot be measured reliably; and (c) when that uncertainty might be resolved.	retain paragraph 30 for Tier 2 entities.
31	**Transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity** An entity shall disclose the opening and closing balances of financial assets arising from transfers to enable an entity to acquire or construct recognisable non-financial assets to be controlled by the entity and the associated liabilities arising from such transfers, if not otherwise separately presented or disclosed. An entity shall also disclose income recognised in the reporting period arising from the reduction of an associated liability.	Paragraph 31 requires disclosure of assets, liabilities and income arising from certain transfers. It meets user needs regarding the nature of transaction or event that makes it significant or material to the entity. Therefore retain paragraph 31 for Tier 2 entities.
32	An entity shall disclose information about its obligations under such transfers, including a description of when the entity typically satisfies its obligations (for example, as the asset is constructed, upon completion of construction or when the asset is acquired).	Paragraph 32 requires disclosure of obligations under certain transfers. It meets user needs regarding liquidity and solvency as well as obligations, commitments and contingencies. Therefore retain paragraph 32 for Tier 2 entities.
33	An entity shall disclose an explanation of when it expects to recognise as income any liability for unsatisfied obligations as at the end of the reporting period. An entity may disclose this information in either of the following ways: (a) on a quantitative basis using the time bands that would be most appropriate for the duration of the remaining obligations; or (b) through qualitative information.	Paragraph 33 requires disclosure of expected recognition of income arising from unsatisfied obligations. It meets user needs regarding obligations, commitments and contingencies. Therefore retain paragraph 33 for Tier 2 entities.
34	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 income arising from transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity. In particular, an entity shall explain the judgements, and changes in the judgements, made in determining the timing of satisfaction of obligations (see paragraphs 35 and 36).	Paragraph 34 requires disclosure of judgements. It meets user needs regarding the entity's accounting policy choices and measurement uncertainties. However, the disclosure requirements in AASB 101 cover sources of estimation uncertainty and are retained for Tier 2 entities. Costs may exceed benefits as the disclosures in paragraph 34 may be more detailed than essential. Therefore reduce paragraph 34 for Tier 2 entities.
35	For obligations that an entity satisfies over time, an entity shall disclose both of the following: (a) the methods used to recognise income (for example, a description	Paragraph 35 requires disclosure of the accounting methods to recognise income from satisfying obligations. It meets user needs regarding the entity's accounting policy choices. The benefits of

AASB 1058 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
of the output methods or input methods used and how those methods are applied); and (b) an explanation of why the methods used provide a faithful depiction of the entity's progress toward satisfying its obligations.	disclosure are expected to exceed the costs in paragraph 35(a). However the costs of making the disclosure required by paragraph 35(b) could exceed the benefits. Therefore retain paragraph 35(a) and reduce paragraph 35(b) for Tier 2 entities.
36 For obligations satisfied at a point in time, an entity shall disclose the significant judgements made in evaluating when it has satisfied its obligations.	Paragraph 36 requires disclosure of significant judgements in evaluating when obligations are satisfied. It meets user needs regarding liquidity and solvency. However, given the disclosure requirements in AASB 101 for sources of estimation uncertainty that are retained for Tier 2 entities, the costs to make the disclosures required by paragraph 36 could exceed the benefits. Therefore reduce paragraph 36 for Tier 2 entities.
Restrictions 37 An entity is encouraged to disclose information about externally imposed restrictions that limit or direct the purpose for which resources controlled by the entity may be used. For example, an entity may elect to disclose an explanation of the judgements used in determining whether funds are restricted and any of, or any combination of, the following: (a) assets to be used for specified purposes; (b) components of equity divided into restricted and unrestricted amounts; and (c) total comprehensive income divided into restricted and unrestricted amounts – either on the face of the statement of profit or loss and other comprehensive income or in the notes.	Paragraph 37 encourages entities to disclose information about externally imposed restrictions. Encouraged disclosures are reduced. Therefore reduce paragraph 37 for Tier 2 entities.
Compliance with parliamentary appropriations and other related authorities for expenditure **38 Paragraphs 39–41 apply only to government departments and other public sector entities that obtain part or all of their spending authority for the period from a parliamentary appropriation. The amounts disclosed in accordance with paragraphs 39–41 include any amounts appropriated in respect of which the entity recognises revenue or other income in accordance with another Australian Accounting Standard.**	Paragraph 38 provides guidance to disclosures required in paragraphs 39-41, which are retained for Tier 2 entities. Treated as guidance to disclosure requirements that are retained. Therefore retain paragraph 38 for Tier 2 entities.
39 An entity shall disclose: **(a) a summary of the recurrent, capital or other major categories of amounts authorised for expenditure (including**	Paragraph 39 requires disclosure of information about authorised expenditure. AASB 1055 *Budgetary Reporting* requires governments and not-for-profit entities within the general government sector to disclosure information in regard to budgetary

AASB 1058 Disclosure Requirement (and RDR Proposal)		Analysis and Proposal
	parliamentary appropriations), disclosing separately: **(i) the original amounts appropriated; and** **(ii) the total of any supplementary amounts appropriated and amounts authorised other than by way of appropriation (eg by the Treasurer, other Minister or other legislative authority);** **(b) the expenditures in respect of each of the items disclosed in (a) above; and** **(c) the reasons for any material variances between the amounts appropriated or otherwise authorised and the resulting associated expenditures, and any financial consequences for the entity of unauthorised expenditure.**	reporting, to which the disclosures here in paragraph 39 are related. Paragraph 39 would also meet user needs regarding significant transactions and other events and conditions encountered. Therefore retain paragraph 39 for Tier 2 entities.
40	For the purposes of resource allocation decisions, including assessments of accountability, this Standard requires that users of financial statements of government departments and other public sector entities that obtain part or all of their spending authority for the period from a parliamentary appropriation be provided with information about the amounts appropriated or otherwise authorised for the entity's use, and whether the entity's expenditures were as authorised. This information may be based on acquittal processes applied by an entity. When spending limits imposed by parliamentary appropriation or other authorisation have not been complied with, information regarding the amount of, and reasons for, the non-compliance is relevant for assessing the performance of management, the likely consequences of non-compliance, and the ability of the entity to continue to provide services at a similar or different level in the future.	Paragraph 40 provides guidance in relation to meeting the disclosure requirements in paragraph 39. Treated as guidance relating to disclosures that are retained. Therefore retain paragraph 40 for Tier 2 entities.
41	Broad summaries of the major categories of appropriations and associated expenditures, rather than detailed reporting of appropriations for each activity or output, is sufficient for most users of such an entity's financial statements. Determining the level of detail and the structure of the summarised information is a matter of judgement. To develop effective disclosures, entities also subject to AASB 1055 Budgetary Reporting might consider the variance disclosure requirements in that Standard at the same time.	Paragraph 41 provides guidance to general disclosure requirements. Treated as guidance relating to a disclosure that is retained. Therefore retain paragraph 41 for Tier 2 entities.

AASB 1058 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
Appendix C: Effective date and transition **Effective date** C1 An entity shall apply this Standard for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted provided that entities apply AASB 15 Revenue from Contracts with Customers to the same period. If an entity applies this Standard earlier, it shall disclose that fact.	Paragraph C1 requires disclosure of an earlier application of the Standard. It meets user needs regarding the entity's accounting policy choices. Therefore retain paragraph C1 disclosure for Tier 2 entities.
Transition C5 When applying this Standard retrospectively in accordance with paragraph C3(a), as a practical expedient an entity need not restate completed contracts or transactions that: (a) begin and end within the same annual reporting period; or (b) are completed contracts or transactions at the beginning of the earliest period presented. If an entity applies this expedient, it shall do so consistently to all completed contracts or transactions within all reporting periods presented and shall disclose the use of this expedient. Was shaded in board papers	Paragraph C5 provides recognition and measurement requirements as well as requiring disclosure of applying a practical expedient. Paragraph 28(d) of AASB 108 requires, when applicable, the disclosure of a description of the transitional provisions upon initial application of an Australian Accounting Standard. Paragraph 28(d) is identified as an RDR in AASB 108. However, the disclosure requirement in paragraph C5 addresses an accounting policy choice and benefits to users are expected to exceed the costs to preparers. Therefore retain for Tier 2 entities the requirement to disclose that the entity has applied the practical expedient in paragraph C3(a). - is disclosure really necessary?
C7 For the reporting period that includes the date of initial application, an entity shall provide both of the following additional disclosures if this Standard is applied retrospectively in accordance with paragraph C3(b): (a) the amount by which each financial statement line item is affected in the current reporting period by the application of this Standard as compared to AASB 1004 Contributions before the change; and (b) an explanation of the reasons for significant changes identified in paragraph C7(a).	Paragraph C7 requires disclosure of a retrospective application of the Standard. It meets user needs regarding measurement uncertainties. The benefits of disclosure required by paragraph C7(a) are expected to exceed the costs. However, the costs of making the disclosure required by paragraph C7(b) could exceed the benefits. Therefore retain paragraph C7(a) and reduce paragraph C7(b) for Tier 2 entities.

Appendix C
Analysis of Disclosure Requirements in AASB 1059 *Service Concession Arrangements: Grantors* with a View to Determining Tier 2 Disclosure Requirements

AASB 1059 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
Presentation and disclosure (paragraphs B79–B80) **28 The objective of the disclosure requirements is for an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of assets, liabilities, revenue and cash flows arising from service concession arrangements. To achieve this, an entity shall consider disclosing qualitative and quantitative information about its service concession arrangements, including the following:** **(a) a description of the arrangements;** **(b) significant terms of the arrangements that may affect the amount, timing and uncertainty of future cash flows (eg the period of the arrangement, re-pricing dates and the basis upon which re-pricing or renegotiation is determined);** **(c) the nature and extent (eg quantity, time period, or amount, as appropriate) of:** **(i) rights to receive specified services from the operator;** **(ii) the carrying amount of service concession assets as at the end of the reporting period, including separate disclosure for existing assets of the grantor reclassified as service concession assets during the reporting period;** **(iii) rights to receive specified assets at the end of an arrangement;** **(iv) renewal and termination options;** **(v) other rights and obligations (eg major overhaul of service concession assets); and** **(vi) obligations to provide the operator with access to service concession assets or other revenue-generating assets; and** **(d) changes in arrangements occurring during the reporting period.**	*First sentence* of paragraph 28 describes the objective of the disclosure requirements in the Standard. No specific disclosure requirements. *Second sentence* of paragraph 28 suggests a list of disclosures. In the nature of guidance, it relates to the disclosure objective but is not a disclosure requirement. Treated as guidance. Therefore retain paragraph 28 for Tier 2 entities. If this is meant to be guidance only, would suggest reducing so that it is not implied that these disclosures must be provided as minimum.
29 The disclosures provided by an entity in accordance with paragraph 28 are provided individually for each material service concession arrangement or in aggregate for service concession arrangements involving services of a similar nature, in addition to disclosures required by AASB 116 and AASB 138. Service concession assets of a similar nature may form a subset of a class of assets disclosed in accordance with AASB 116 or AASB 138 or may be included in more than one class of assets disclosed in accordance with AASB 116 or AASB 138. For example, for the purposes of AASB 116, a toll bridge may be	Paragraph 29 specifies the basis of classification of service concession arrangements and assets. Treated as a presentation requirement. The RDR framework addresses reducing only disclosure requirements for Tier 2 entities and does not address presentation requirements. Therefore retain paragraph

AASB 1059 Disclosure Requirement (and RDR Proposal)	Analysis and Proposal
included in the same class as other bridges, and for the purposes of paragraph 28 may be included with service concession assets reported in aggregate as toll roads.	29 for Tier 2 entities.
Appendix B: Application guidance **Presentation and disclosure (paragraphs 28–29)** B79 Disclosures relating to various aspects of service concession arrangements may be addressed in other Standards. This Standard addresses only the additional disclosures relating to service concession arrangements. Where the accounting for a particular aspect of a service concession arrangement is addressed in another Standard, the grantor follows the relevant disclosure requirements of that Standard in addition to those set out in paragraphs 28 and 29. The grantor also applies the relevant presentation and disclosure requirements in other Standards as they pertain to assets, liabilities, revenues, and expenses recognised under this Standard.	Paragraph B79 provides guidance in relation to additional disclosures in and compliance with other Standards. Treated as guidance. Therefore retain paragraph B79 for Tier 2 entities.
B80 AASB 101 requires finance costs (if any) to be presented separately in the statement of profit and loss and other comprehensive income. Finance charges (if any) determined in accordance with paragraph B67 that are expensed are included in this item.	Paragraph B80 addresses presentation requirements. Presentation requirements are not amended. Therefore retain paragraph B80 for Tier 2 entities.
Appendix C: Effective date and transition **Effective date** C1 An entity shall apply this Standard for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted for periods beginning before 1 January 2019. If an entity applies this Standard for an earlier period, it shall disclose that fact.	Paragraph C1 requires disclosure of an earlier application of the Standard. It meets user needs regarding the entity's accounting policy choices. Therefore retain paragraph C1 disclosure for Tier 2 entities.
Transition C4 If a grantor elects to apply this Standard retrospectively in accordance with paragraph C3(b), the grantor shall: (a) … (e) disclose that it has applied this transition approach and information relating to the measurement of the assets and liabilities in support of the disclosure objective in paragraph 28. Disclosure was reduced in the board papers but subsequently changed. Is it necessary? Wouldn't it already be covered by AASB 108?	Paragraph C4 requires disclosure of a retrospective application of the Standard as at the date of initial application. The *first* and *second* disclosure requirements in paragraph C4(e) are similar to requirements in paragraphs 28(d) and 28(f) of AASB 108, where paragraph 28(d) is reduced and paragraph 28(f) is retained. However, the first disclosure requirement addresses an accounting policy choice and benefits to users are expected to exceed the costs. Therefore retain the whole of paragraph C4 for Tier 2 entities.