



Removal of special purpose financial statements and the introduction of simplified disclosures – Part 1

AASB staff, April 2021

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Plan for the session

- High level overview of the changes
- Who is affected by the changes?
- What do affected entities need to do?
- What happens if an entity can continue to prepare special purpose financial statements (SPFS)?



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Poll question – what is your role?



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Overview of the changes

- Tier 2 Reduced Disclosure Requirements (RDR) is being replaced by Tier 2 Simplified Disclosure Requirements
- Certain **for-profit entities** will no longer be able to prepare SPFS



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Who?

Who is affected by these changes?

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AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities

Required by legislation to prepare financial statements in accordance with Accounting Standards or Australian Accounting Standards

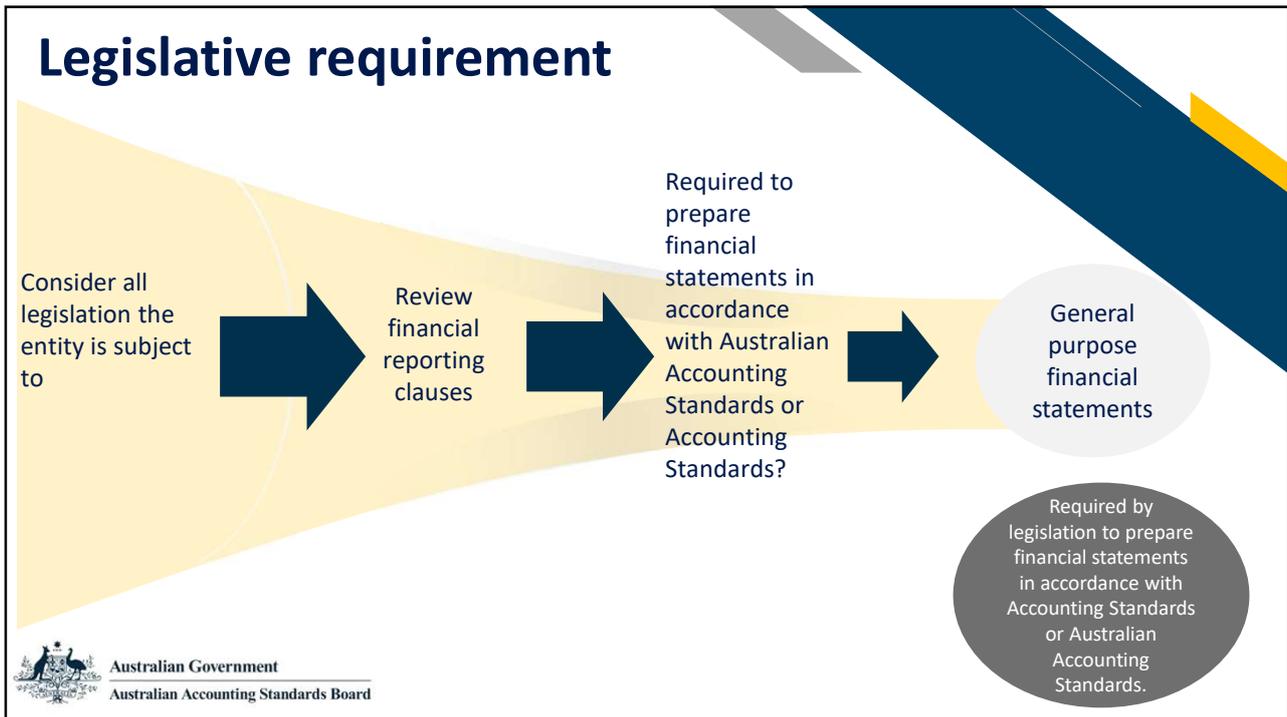
Prepare general purpose financial statements from 1 July 2021

Required by a constituting or other documents to prepare financial statements in accordance with Australian Accounting Standards*

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* Refer to discussion about grandfathering of documents

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Legislative requirement

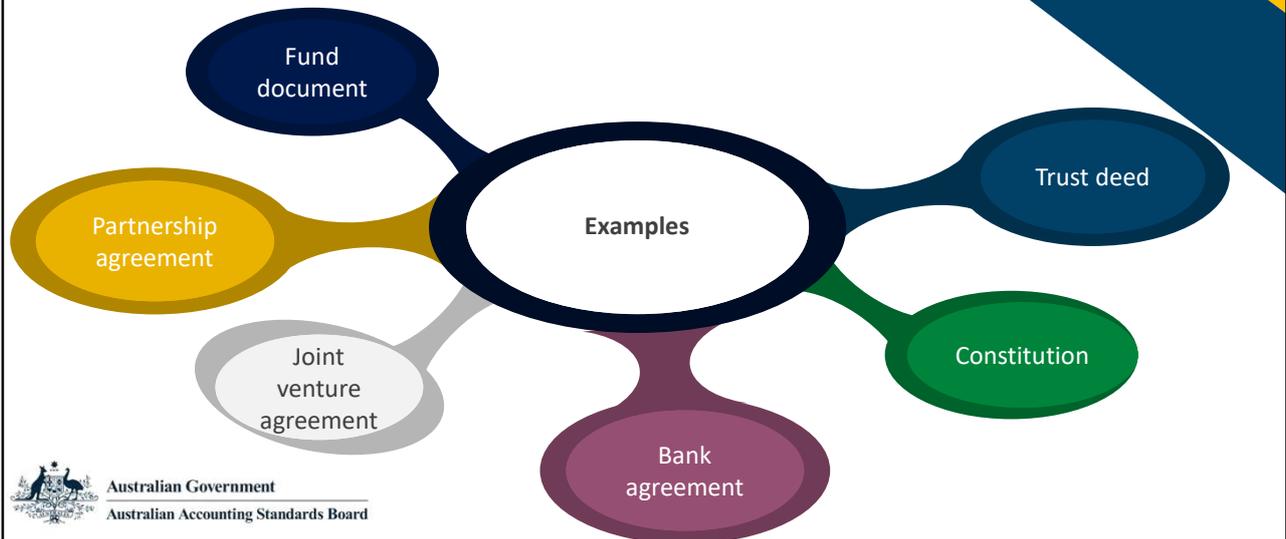
- QUESTIONS YOU NEED TO ANSWER:
 - Which legislation are you required to comply with?
 - What does the legislation require in relation to financial statements?
- COMMON QUESTIONS – Q&A SESSION

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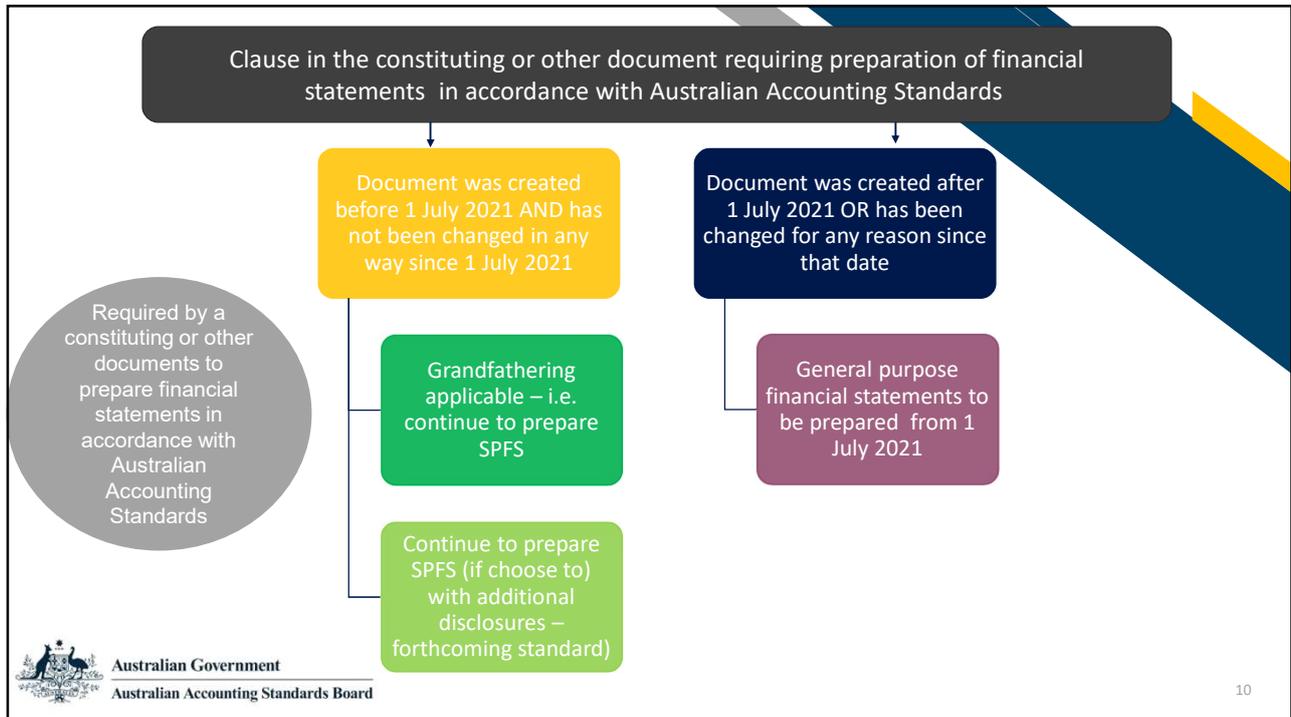
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Non-legislative requirement – Constituting or other document



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Non-legislative requirement

- QUESTIONS YOU NEED TO ANSWER:
 - What documents are in place which you have to comply with?
 - What does the document require in relation to financial reporting?
 - When was this document created or amended?

- COMMON QUESTIONS – Q&A SESSION



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Summary - Who is affected?

Entities who are no longer able to prepare SPFS

- Legislative / non-legislative requirement
- Prepare Tier 1 or Tier 2 – simplified disclosures general purpose financial statements

Entities who currently prepare Tier 2 RDR financial statements

- Prepare Tier 1 or Tier 2 – simplified disclosures financial statements



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What?

What does an affected entity need to do?

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General purpose financial statements

Tier 1 – full IFRS

- Recognition and measurement requirements from relevant AASBs
- Consolidation and equity accounting of investees
- Presentation requirements of relevant AASBs
- Disclosure requirements of relevant AASBs

General purpose financial statements

Tier 2 - simplified disclosures

- Recognition and measurement requirements from relevant AASBs
- Consolidation and equity accounting of investees
- Presentation requirements of AASB 1060
- Disclosure requirements of AASB 1060

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Entity currently preparing RDR financial statements

Applies to for-profit and not-for-profit entities

- RDR standards will not be maintained from 1 July 2021
- Basis of preparation will need to change:

~~Australian Accounting Standards –
Reduced Disclosure Requirements~~



Australian Accounting Standards –
Simplified Disclosure Standard

- No changes to reported numbers – **disclosure changes only**
- Some additional disclosures, e.g. audit fees and imputation credits.
- Reduction of disclosures in a number of areas.



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Entity no longer able to prepare SPFS

- Opening balance sheet (1 July 2020 – June reporters) and future financial statements should comply with:
 - Recognition and measurement requirements in Australian Accounting Standards
 - Consolidation of controlled entities
 - Equity accounting for associates and joint ventures
 - All relevant presentation and disclosure requirements from Tier 2 – Simplified Disclosures (AASB 1060)
- Mandatory effective date – annual reporting periods beginning on or after 1 July 2021

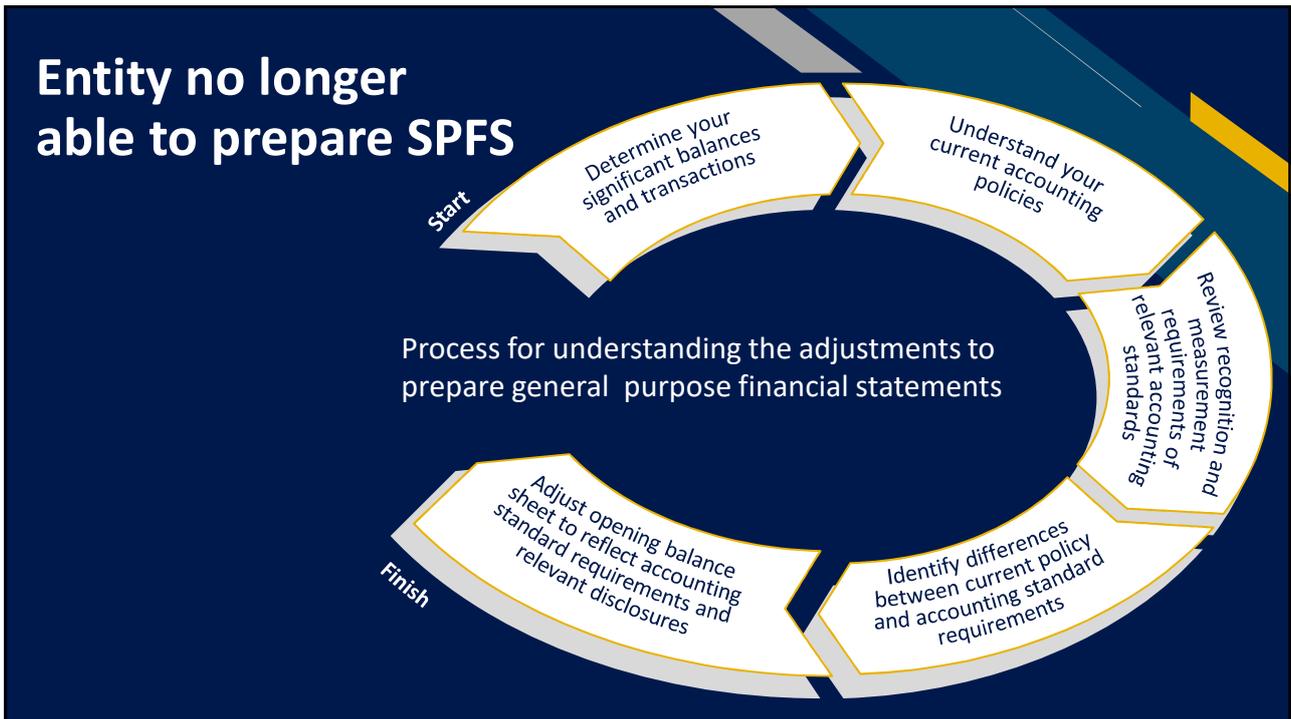
Webinar 2 will cover transition arrangements and potential relief



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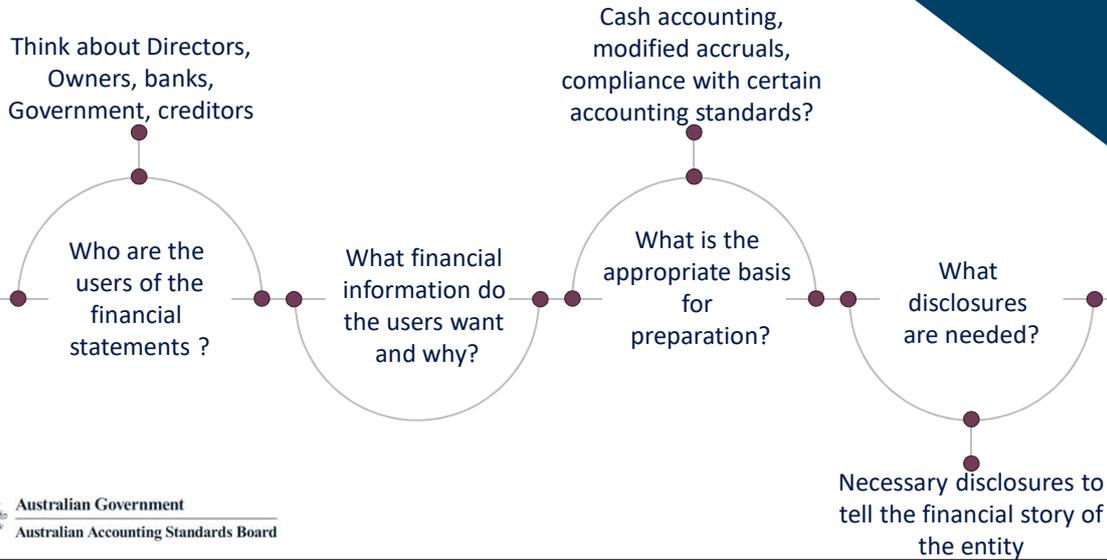
What?

What if an entity can continue to prepare SPFS?

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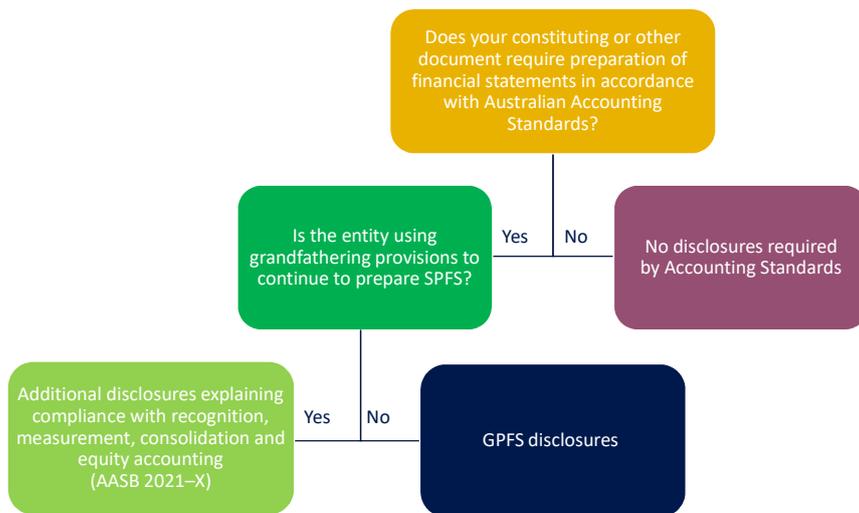
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Special purpose financial statements



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Additional disclosures for certain SPFS



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Questions and Answers

Type them into the chat box



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Need more information?

- **Webinar (part 2)** – Monday 10 May 2021, 12pm – 1pm (AEST)
- **Webinar (part 3)** – Tuesday 25 May 2021, 12pm – 1pm (AEST)

[Registration is available via the AASB website.](#)

- **AASB Key Facts Documents** – AASB website under '[hot-topics](#)'
- **AUASB Bulletin** – AUASB website under '[AUASB Bulletins](#)' details matters for auditors to consider

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Resources

STAY UP TO DATE WITH OUR LATEST NEWS AND PROJECTS

- [Pronouncements](#), so you can identify Standards or Interpretations applicable to a reporting period
- [Staff Papers](#) and [Research Reports](#)
- [Hot Topics](#), including guidance & reference material on the latest Standard developments
- [Outreach Events](#), including roundtables & forums
- [Work Program & Project Summaries](#)
- [Work in Progress](#), such as Exposure Drafts & AASB Submissions
- Sign-up to our [Weekly Update](#) for all the latest developments!



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Thank You.



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