



Removal of Special Purpose Financial Statements and Replacement of Tier 2 RDR GPFS

Agenda

1. Removal of Special Purpose Financial Statements (SPFS)
 - Scope and affected entities
2. New requirements relating to Tier 2 General Purpose Financial Statements (GPFS)
3. Application and transition
4. Actions



1. Removal of SPFS

Scope and affected entities

- Phase 1 applies to for-profit entities that are:
 1. required by legislation to prepare financial statements that comply with “Australian Accounting Standards” (AAS) or “accounting standards”
 2. required by their constituting document or another document to prepare financial statements that comply with “Australian Accounting Standards”
 - Where that document created or amended after 1 July 2020
- These entities will have to prepare GPFS
- FP entities not in scope can still prepare SPFS, where appropriate
- Phase 2 will expand to not-for-profit entities

In scope

For-profit entities applying “AAS” or “accounting standards”

- Companies preparing financial statements under the Corporations Act 2001
 - Large proprietary companies
 - Unlisted public companies
 - Foreign controlled small proprietary companies
 - Financial services licensees
- Financial reporting obligations under other Federal or State legislation
 - Indigenous corporations
 - Residential aged care providers
 - Co-operatives
 - Some incorporated associations
 - Higher education providers

What does this mean?

For-profit entities

- Entities in scope will have to comply with full recognition and measurement requirements of Australian Accounting Standards (IFRS)
 - Business Combinations (AASB 3) and Consolidation (AASB 10)
 - Equity accounting (AASB 128)
 - Leases (AASB 16)
 - Financial Instruments (AASB 9)
 - Revenue (AASB 15)
 - Income tax (AASB 112)
 - Fair Value Measurement (AASB 13)
- Additional disclosures introduced by new Tier 2 disclosure Standard

Proposed new Tier 2 GPFS

AASB 10XX Simplified Disclosures for Tier 2 Entities

2. Composition of Tier 2 GPFS

AASB 10XX *Simplified Disclosures for Tier 2 Entities*

- Replaces existing Reduced Disclosure Regime (RDR) Tier 2 disclosures
 - Therefore, both for-profit and NFP entities currently applying Tier 2 RDR will switch to new SDR
- Based on disclosures in the *IFRS for SME* Standard with some modifications
- Somewhat less than existing RDR disclosures
- Likely more than existing SPFR disclosures

Main changes from RDR

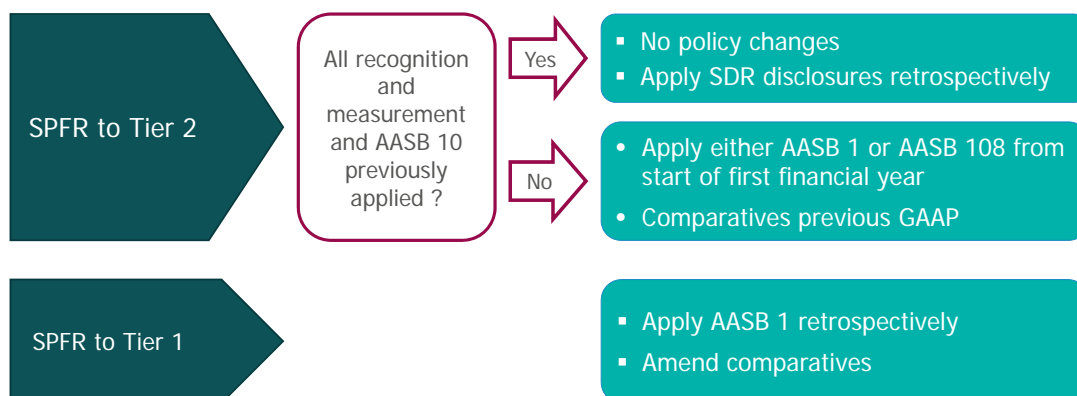
Compared to RDR	AASB Standards
disclosures have been significantly reduced	AASB 7, AASB 12, AASB 16
some disclosures have been reduced	AASB 3, AASB 13, AASB 15, AASB 101, AASB 127, AASB 136,
no significant differences	AASB 2, AASB 102, AASB 107, AASB 108, AASB 112, AASB 116, AASB 120, AASB 121, AASB 123, AASB 129, AASB 137, AASB 138, AASB 140, AASB 141
additional disclosures are included	AASB 1, AASB 110, AASB 119, AASB 124

Application and transition

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Transition between Tiers

For-profit private sector entities



Prepare for change

Will you be affected?

- Prepare an action plan
- Review existing accounting policies
 - Assess impacts
- Consider changes to internal systems and processes to enable:
 - Consolidation, if not previously applied
 - New disclosure requirements
- Transition advice and diagnostic

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