

28 May 2017

Ms Kris Peach

Chair Australian Accounting Standards Board

Online submission via [aasb.gov.au](http://www.aasb.gov.au)

<http://www.aasb.gov.au/Work-In-Progress/Submit-Comment-Letter.aspx?id=1897>

Dear Kris

**AASB ED 277 Reduced Disclosure Requirements for Tier 2 Entities**

I am pleased to provide the Australian Accounting Standards Board (AASB) with my comments on Exposure Draft 277 Reduced Disclosure Requirements for Tier 2 Entities (the ED). I have considered the ED, as well as the accompanying draft Basis for Conclusions.

This submission reflects my position as a consultant to business including Not-for-Profits (NFPs), and their own advisers including auditors. This submission has also benefited with input from discussions with key constituents, and those that participated at the AASB's Roundtables in April 2017 where the ED was extensively discussed and was attended by representatives from some of the AASB members and staff. I support ED 277 but with qualifications for the following reasons:

(a) Although there appears to have been a reduction in the number of disclosures proposed in ED 277 (an analysis by a constituent group suggests a net decrease of 146 disclosures which should be an improvement over the current RDR standards). However there still remain significant compliance costs compared to most overseas countries that allow the option of using the International Accounting Standards Board's (IASB) IFRS for SMEs accounting standard that the IASB believes is more appropriate for non-publicly accountable reporting entities to use. In particular non-reporting entities who prepare Special Purpose Financial Statements will still face significant costs of adopting full IFRS recognition and measurement and additional RDR disclosures;

(b) ED 277 proposes a more complicated Appendix process to identify RDR disclosures compared to the current shading system that presently applies, and this is not supported ;

My comments on the Specific and General Matters for Comment raised by the AASB are attached as an Appendix.

If you require any further information or comment, please contact me.

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**Specific Matters for Comment**

**1 Overarching Principles**

Yes, subject to my comments on IFRS for SMEs and Non-Reporting Entities.

**2. Key Disclosure Areas**

Yes.

**3. Joint Policy Statement**

No.

(a) I believe that the AASB should allow IFRS for SMEs as an option to full IFRS/AASBs, or RDR for non-publicly accountable reporting entities as is allowed by most overseas countries; and

(b) Non-Reporting Entities should be allowed to adopt the simplified disclosures in AASB 101, 107, 108 and 1054.

**4. Accounting Policy Disclosures**

Yes.

**5. Guidance for Disclosure Requirements**

Yes.

**6. Cross-refer NREs to other Standards**

Yes.

**7. Application Outcome**

Yes.

**8. Approach for identifying RDR Disclosures**

Neither. I believe that the existing shading system should remain.

**9. Include Disclosure and Presentation requirements**

Yes.

**10. Application Date 1 January 2019 with early adoption option**

Yes.

**11. No specific Transition Requirements**

Yes.

**12.**

**(a) Encourage Non-Reporting Entities to move to RDR**

No.

**(b) Encourage non-publicly accountable entities to move to RDR**

Possibly but they would be better served by being allowed the option of adopting RDR or IFRS for SMEs.

**General Matters for Comment**

**13 (a) Regulatory or Other Issues of concern**

No.

**13 (b) Reporting useful to users**

Possibly.

(a) I believe that the AASB should allow IFRS for SMEs as an option to full IFRS/AASBs, or RDR for non-publicly accountable reporting entities as is allowed by most overseas countries; and

(b) Non-Reporting Entities should be allowed to adopt the simplified disclosures in AASB 101, 107, 108 and 1054.

**13(c) Proposals in the best interests of the Australian economy**

**Probably not.**

(a) I believe that the AASB should allow IFRS for SMEs as an option to full IFRS/AASBs, or RDR for non-publicly accountable reporting entities as is allowed by most overseas countries; and

(b) Non-Reporting Entities should be allowed to adopt the simplified disclosures in AASB 101, 107, 108 and 1054.