

# ED 295 Simplified Disclosures – What's out

## Reporting Update

4 October 2019, 19RU-015



**New GPFS-Tier 2 full suite of Simplified Disclosures proposed**

**Applies to for-profit and not-for-profit entities preparing GPFS-Tier 2**

**Some tools to assist in deliberations on ED 295**

### Highlights

- In a few words...
- New resources to assist with your deliberations
- More detail...

### In a few words...

The AASB has issued [ED 295 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities](#) (ED 295). It is a further step in the wider Australian financial reporting reform project currently being undertaken by the Australian Accounting Standards Board (AASB).

ED 295 proposes replacing the current Reduced Disclosure Requirements (RDR) in the Australian Accounting Standards (AAS) with a new, separate disclosure standard (the Simplified Disclosures Standard or SD) that would apply to all entities that report under Tier 2. It will become the disclosure standard for all for-profit and not-for-profit (NFP) entities reporting under Tier 2 – *AASB 10XX Simplified Disclosures for Tier 2 Entities*.

### New resources to assist with your deliberations

We are releasing the following publications to assist in your deliberations on the AASB proposals contained in ED 295:

- [Example Public Company Limited \(current general purpose financial statements \(GPFS\)-Tier 1\)](#)
- [Example Reduced Disclosure requirements Pty Ltd \(current GPFS-Tier 2-RDR\)](#)

Both publications focus on for-profit private sector example entities. They provide a visual illustration of the potential disclosures required by ED 295 compared to financial statements prepared in accordance with the current AAS Tier 1 or Tier 2-RDR, respectively. We trust you will find it a useful resource in considering the ED 295 proposals and responding to the AASB's request for comments.

The approach taken to identify relevant disclosures is:

- disclosures shaded in **yellow** will not be required when preparing GPFS-Tier 2-SD
- disclosures shaded in **blue** will be required when preparing GPFS-Tier 2-SD, but in a different form, e.g. more aggregated or less detailed or prescriptive.

Disclosures that are not shaded yellow or blue will therefore form the basis of financial statements prepared for GPFS-Tier 2-SD entities.

ED 295 requires a small number of new additional disclosures. We have not sought to include these in the above publications.

## No impact on recognition and measurement

## In conjunction with ED 297

## Current GPFS-Tier 2 For-profit private sector preparing SPFS

30 June 2021

### More detail...

The Simplified Disclosures Standard has been developed based on the disclosures included in the *IFRS for SMEs* (Small and Medium-sized Entities) Standard. The proposals include the principles and methodology to be used in determining Tier 2 disclosures going forward.

They do not impact recognition and measurement (R&M) requirements of AAS. Nor does it change which entities are required to apply Tier 2.

The presentation requirements under the Simplified Disclosures Standard are the same as for the current GPFS-Tier 1 requirements except for:

- the presentation of a third statement of financial position under GPFS-Tier 1
- the separate presentation of assets (disposal groups) classified as held for sale
- the option of not presenting a statement of changes in equity if the only changes to equity during the periods, for which the financial statements are presented, arise from profit or loss, payment of dividends, corrections of errors, and changes in accounting policy.

### Proposals expected to...

The proposals in ED 295 will work in conjunction with ED 297 [Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities](#) (ED 297). ED 297 proposes to remove the ability of certain for-profit private sector entities to prepare special purpose financial statements (SPFS). These entities will be required to prepare a form of GPFS using the simplified disclosures proposed in ED 295.

The proposals in ED 297 do not:

- change which entities are required by legislation to prepare financial statements
- impact the NFP or public sector entities. The AASB has separate financial reporting reform projects in each of these areas.

Further details relating to ED 297 are discussed in [19RU-013 Removal of SPFS – ED 297](#).

### Who is impacted?

All entities that are required to report under Tier 2 by AASB 1053 *Application of Tiers of Australian Accounting Standards*. That is, it will become the disclosure standard for all for-profit and NFP entities reporting under Tier 2.

It will impact both:

- entities currently preparing GPFS-Tier 2 financial statements – different disclosures: some more, some less
- for-profit private sector entities that will no longer be able to prepare SPFS and need to prepare GPFS-Tier 2 – more than SPFS, including for example, related party disclosures, income taxes.

Further details relating to ED 295 are discussed in [19RU-012 Tier 2 Simplified Disclosures – ED 295](#).

### When is change expected?

The AASB's current expectation is that the Simplified Disclosures Standard proposed by ED 295 will be effective for annual periods ending on or after 30 June 2021.

The AASB is seeking comments on the proposals by 30 November 2019.

## More information

### KPMG website

The Australian financial reporting framework is undergoing its most significant overhaul in three-plus decades. To understand how the different pieces fit together, the respective entities affected and related application dates we have developed a website – visit [kpmg.com/au/gpfs](https://kpmg.com/au/gpfs)

Relevant updates will be incorporated on an ongoing basis.

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