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Moore Stephens Australia Technical Update

**A summary of recent changes to financial reporting
requirements applicable for years ending on 30 June 2020**

This technical update includes:

Summary tables of:

- Australian Accounting Standards and Interpretations mandatory for 30 June 2020; and
- Accounting Standards and Interpretations issued but not yet effective for 30 June 2020.

Discussion of significant¹:

- Australian Accounting Standards and Interpretations mandatory for 30 June 2020; and
- Accounting Standards and Interpretations issued but not yet effective for 30 June 2020.

¹ Discussion based on 'Main features of this Standard' from each amending standard.

Australian Accounting Standards and Interpretations mandatory for 30 June 2020

The following standards and interpretations are mandatorily applicable for the first time for entities with years ending 30 June 2020.

Reference	Title	Applicable for reporting periods beginning on or after
AASB 15	Revenue from Contracts with Customers	NFP entities 1 January 2019
AASB 16	Leases	1 January 2019
AASB 1058	Income of Not-for-Profit Entities	1 January 2019
Interpretation 23	Uncertainty over income tax treatments	1 January 2019
AASB 2016-8	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	1 January 2019
AASB 2017-1	Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	NFP entities 1 January 2019
AASB 2017-4	Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments	1 January 2019
AASB 1059	Service Concession Arrangements: Grantors	1 January 2019
AASB 2017-6	Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1 January 2019
AASB 2017-7	Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures	1 January 2019
AASB 2018-1	Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle	1 January 2019
AASB 2018-2	Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement	1 January 2019
AASB 2018-3	Amendments to Australian Accounting Standards – Reduced Disclosure Requirements	1 January 2019
AASB 2018-4	Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors	1 January 2019
AASB 2018-5	Amendments to Australian Accounting Standards - Deferral of AASB 1059	1 January 2019
AASB 2018-8	Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities	1 January 2019

Australian Accounting Standards and Interpretations mandatory for 30 June 2020 continued

AASB 2019-4	Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements	Ending on 30 June 2020
AASB 2019-6	Amendments to Australian Accounting Standards – Research Grants and Not-for-Profit Entities	1 January 2019
AASB 2019-8	Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases	1 January 2019
AASB 2020-4	Amendments to AASB 16 ‘Leases’ Covid-19-Related Rent Concessions	1 June 2020

AASB 15 Revenue from Contracts with Customers

AASB 15 will provide (except in relation to some specific exceptions, such as lease contracts and insurance contracts) a single source of accounting requirements for all contracts with customers, thereby replacing all current accounting pronouncements on revenue.

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. The give effect to this principle, AASB 15 requires the adoption of the following 5-step model:

- identify the contract(s) with a customer;
- identify the performance obligations under the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations under the contract(s); and
- recognise revenue when (or as) the entity satisfies the performance obligations.

AASB 15 also provides additional guidance to assist entities in applying the revised principle to licences of intellectual property, warranties, rights of return, principal/agent considerations and options for additional goods and services.

AASB 16 Leases

Under IFRS 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their balance sheets for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the balance sheet will be required to be capitalised on the balance sheet once IFRS 16 is adopted.

Australian Accounting Standards and Interpretations mandatory for 30 June 2020 continued

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 is likely to have a significant impact on the income recognition for NFPs. Entities should consider how the following areas are likely to impact them:

- a) Assets received below fair value;
- b) Transfers received to acquire or construct non-financial assets;
- c) Grants received;
- d) Prepaid rates;
- e) Leases entered into at below market rates; and
- f) Volunteer services.

Interpretation 23 Uncertainty over income tax treatments

This Interpretation clarifies how to apply the recognition and measurement requirements in AASB 112 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in AASB 112 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events.

AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments

This Standard amends:

- a) AASB 1 to delete some short-term exemptions for first-time adopters that were available only for reporting periods that have passed and to add exemptions arising from AASB Interpretation 22 Foreign Currency Transactions and Advance Consideration;
- b) AASB 128 to clarify that:
 - i. a venture capital organisation, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate
or joint venture; and
 - ii. an entity that is not an investment entity may elect to retain the fair value measurement applied by its associates and joint ventures that are investment entities when applying the equity method. This choice is available separately for each investment entity associate or joint venture; and
- c) AASB 140 to reflect the principle that an entity transfers a property to, or from, investment property when, and only when, there is a change in use of the property supported by evidence that a change in use has occurred..

Australian Accounting Standards and Interpretations mandatory for 30 June 2020 continued

AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments

This standard amends AASB 1 to add paragraphs arising from AASB Interpretation 23 Uncertainty over Income Tax Treatments.

AASB 1059 Service Concession Arrangements: Grantors

This Standard addresses the accounting for a service concession arrangement by a grantor that is a public-sector entity by prescribing the accounting for the arrangement from the grantor's perspective.

AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation

This Standard amends AASB 9 to permit entities to measure at amortised cost or fair value through other comprehensive income particular financial assets that would otherwise have contractual cash flows that are solely payments of principal and interest but do not meet that condition only as a result of a prepayment feature. This is subject to meeting other conditions, such as the nature of the business model relevant to the financial asset. Otherwise, the financial assets would be measured at fair value through profit or loss.

AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures

This Standard amends AASB 128 to clarify that an entity is required to account for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128.

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle

Under IFRS 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their balance sheets for all leases. Effectively this means the vast majority of operating leases as defined by the current IAS 17 Leases which currently do not impact the balance sheet will be required to be capitalised on the balance sheet once IFRS 16 is adopted.

- a) AASB 3 to clarify that an entity remeasures its previously held interest in a joint operation when it obtains control of the business;
- b) AASB 11 to clarify that an entity does not remeasure its previously held interest in a joint operation when it obtains joint control of the business;
- c) AASB 112 to clarify that an entity accounts for all income tax consequences of dividend payments according to where the entity originally recognised the past transactions or events that generated the distributable profits; and
- d) AASB 123 to clarify that an entity treats any borrowing originally made to develop a qualifying asset as part of general borrowings when the asset is ready for its intended use or sale.

Australian Accounting Standards and Interpretations mandatory for 30 June 2020 continued

AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement

The Standard amends AASB 119 to specify how an entity accounts for defined benefit plans when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments require an entity to use the assumptions used for the remeasurement of the net defined benefit liability or asset to determine the current service cost and the net interest for the remainder of the reporting period after a plan event occurs. The Standard also clarifies that, when a plan event occurs, an entity recognises the past service cost or a gain or loss on settlement separately from its assessment of the asset ceiling.

AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements

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. This Standard makes amendments to AASB 16 and AASB 1058 to establish reduced disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). Tier 2 requirements comprise the recognition and measurement requirements of Tier 1 (Australian Accounting Standards) but substantially reduced disclosure requirements in comparison with Tier 1.

AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors

This Standard primarily amends AASB 15 to add requirements and authoritative implementation guidance for application by not-for-profit public sector licensors to transactions involving the issue of licences.

The amendments to AASB 15 include:

- a) expanding the scope of AASB 15 to include non-contractual licences;
- b) guidance distinguishing a licence from a tax;
- c) guidance clarifying the types of licences issued by not-for-profit public sectors licensors;
- d) guidance clarifying the application of the principles in AASB 15 to licences that are not within the scope of other Australian Accounting Standards; and
- e) providing recognition exemptions for short-term licences and licences issued for a low transaction price.

The amendments to AASB 16 clarify that licences that are in substance leases or contain leases, except licences of intellectual property, fall within the scope of AASB 16.

AASB 2018-5 Amendments to Australian Accounting Standards - Deferral of AASB 1059

This Standard amends the mandatory effective date (application date) of AASB 1059 so that AASB 1059 is required to be applied for annual reporting periods beginning on or after 1 January 2020 instead of 1 January 2019.

Australian Accounting Standards and Interpretations mandatory for 30 June 2020 continued

AASB 2018-8 Amendments to Australian Accounting Standards – Right-of-Use Assets of Not-for-Profit Entities

This Standard amends AASB 1, AASB 16, AASB 117, AASB 1049 and AASB 1058 to provide a temporary option for not-for-profit entities to not apply the fair value initial measurement requirements for right-of-use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. The Standard requires an entity that elects to apply the option (i.e. measures a class or classes of such right-of-use assets at cost rather than fair value) to include additional disclosures in the financial statements to ensure users understand the effects on the financial position, financial performance and cash flows of the entity arising from these leases.

AASB 2019-4 Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements

This Standard amends AASB 1054 to require not-for-profit private sector entities that are required to apply AASB 1054 (including those required by legislation to do so) and are preparing special purpose financial statements to disclose information about those financial statements, including information that enables users of the financial statements to understand whether or not the material accounting policies applied in the financial statements comply with all the recognition and measurement requirements in Australian Accounting Standards.

In particular, the amendments to AASB 1054 require a not-for-profit private sector entity to:

- a) disclose the basis on which the decision to prepare special purpose financial statements was made;
- b) where the entity has interests in other entities – disclose either:
 - i. whether or not its subsidiaries and investments in associates or joint ventures have been consolidated or equity accounted in a manner consistent with the requirements set out in AASB 10 Consolidated Financial Statements or AASB 128 Investments in Associates and Joint Ventures, as appropriate. If the entity has not consolidated its subsidiaries or equity accounted its investments in associates or joint ventures consistently with those requirements, it shall disclose that fact, and the reasons why; or
 - ii. that the entity has not assessed whether its interests in other entities give rise to interests in subsidiaries, associates or joint ventures, provided it is not required by legislation to make such an assessment for financial reporting purposes and has not made such an assessment;
- c) or each material accounting policy applied and disclosed in the financial statements that does not comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128), disclose an indication of how it does not comply; or if such an assessment has not been made, disclose that fact; and
- d) disclose whether or not the financial statements overall comply with all the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128) or that such an assessment has not been made.

Australian Accounting Standards and Interpretations mandatory for 30 June 2020 continued

AASB 2019-6 Amendments to Australian Accounting Standards – Research Grants and Not-for-Profit Entities

This Standard amends AASB 15 and AASB 1058 to permit not-for-profit entities to apply those Standards to research grants for annual reporting periods beginning on or after 1 July 2019 instead of 1 January 2019.

This Standard also makes amendments to Illustrative Examples 4A and 4B accompanying AASB 15 to clarify the analysis of how paragraph 35(a) of AASB 15 applies in respect of research grants and the transfer of research findings.

AASB 2019-8 Amendments to Australian Accounting Standards – Class of Right-of-Use Assets arising under Concessionary Leases

This Standard makes amendments to AASB 16 and AASB 1049 to;

- a) specify for not-for-profit entities that right-of-use assets arising under concessionary leases can be treated as a separate class of right-of-use assets to right-of-use assets arising under other leases for the purposes of AASB 16s; and
- b) provide an option for a Whole of Government and General Government Sector to measure right-of-use assets arising under concessionary leases at cost or at fair value in subsequent measurements.

AASB 2020-4 Amendments to AASB 16 ‘Leases’ Covid-19-Related Rent Concessions

The amendment provides a practical expedient such that a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the covid-19 pandemic is a lease modification. This will generally mean that such rent concessions are accounted for as if they were variable payments. It applies to covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

This Standard applies to annual periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not authorised for issue at the date this Standard was issued.

Accounting Standards and Interpretations issued but not yet effective for 30 June 2020

The following standards and interpretations have been issued but are not yet effective for entities with years ending 30 June 2020.

Reference	Title	Applicable for reporting periods beginning on or after
AASB 17	Insurance Contracts	1 January 2021
AASB 2018-6	Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020
AASB 2018-7	Amendments to Australian Accounting Standards – Definition of Material	1 January 2020
AASB 2019-1	Amendments to Australian Accounting Standards – References to the Conceptual Framework	1 January 2020
AASB 2019-2	Amendments to Australian Accounting Standards – Implementation of AASB 1059	1 January 2020
AASB 2019-3	Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform	1 January 2020
AASB 2019-5	Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	1 January 2020
AASB 2019-7	Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations	1 January 2020
AASB 2020-1	Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2022
AASB 2020-2	Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities	1 July 2021
AASB 1060	General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)	1 July 2021

Accounting Standards and Interpretations issued but not yet effective for 30 June 2020 continued

AASB 17 Insurance Contracts

AASB 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued.

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

The Standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:

- a) clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- b) remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce output;
- c) add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- d) narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and
- e) add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

The Standard principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material.

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB.

If an entity is required to apply the Conceptual Framework, it cannot identify as a non-reporting entity under SAC 1. The entity will therefore need to prepare general purpose financial statements that comply with Australian Accounting Standards.

Accounting Standards and Interpretations issued but not yet effective for 30 June 2020 continued

AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059

This Standard makes amendments to AASB 16 and AASB 1059 to:

- a) amend the modified retrospective method set out in paragraph C4 of AASB 1059 as follows;
 - i. specify the financial liability should be recognised at fair value at the date of initial application;
 - ii. initially measure the Grant of a Right to the Operator (GORTO) liability representing the unearned portion of any revenue arising from the receipt of a service concession asset based on the current replacement cost of the service concession asset at the date of initial application adjusted to reflect the remaining concession period relative to the total period of the arrangement, rather than relative to the remaining economic life of the service concession asset;
 - iii. measure a liability representing any third-party unearned revenue arising from the receipt of additional consideration from the operator for access to an existing asset of the grantor that has been reclassified as a service concession asset at the proceeds received, adjusted to reflect the remaining period of the service concession arrangement relative to the total period of the arrangement;
- b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 would not need to be applied to assets that would be recognised as service concession assets under AASB 1059; and
- c) include editorial amendments to the application guidance and implementation guidance accompanying AASB 1059.

AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

The Standard amends AASB 7, AASB 9 and AASB 139 to modify some specific hedge accounting requirements to provide relief from the potential effects of the uncertainty caused by the interest rate benchmark reform. In addition, the amendments require entities to provide additional information about their hedging relationships that are directly affected by these uncertainties.

AASB 2019-5 Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

This Standard makes amendments to AASB 1054 by adding a disclosure requirement for an entity intending to comply with IFRS Standards to disclose the information specified in paragraphs 30 and 31 of AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors on the potential effect of an IFRS Standard that has not yet been issued by the AASB. This will ensure that for-profit publicly accountable entities complying with Australian Accounting Standards can assert compliance with IFRS Standards.

Accounting Standards and Interpretations issued but not yet effective for 30 June 2020 continued

AASB 2019-7 Amendments to Australian Accounting Standards – Disclosure of GFS Measures of Key Fiscal Aggregates and GAAP/GFS Reconciliations

This Standard makes amendments to AASB 1049 to;

- a) provide optional relief, for the General Government Sector (GGS) financial statements and the whole of government financial statements (including the Public Non-Financial Corporations (PNFC) and Public Financial Corporations (PFC) sectors), from:
 - I. disclosure of the key fiscal aggregates measured in accordance with the ABS GFS Manual where they differ from the key fiscal aggregates measured consistently with Australian Accounting Standards, which are disclosed pursuant to paragraph 16 of AASB 1049; and
 - II. a reconciliation of the two measures of key fiscal aggregates; and
- b) where the entity elects to adopt the optional relief – require additional disclosure to explain how each key fiscal aggregate is calculated and how it differs (not necessarily quantitatively) from its corresponding GFS measure.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

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

This Standard makes amendments to the Standards (via AASB 1057 Application of Australian Accounting Standards) and the Conceptual Framework for Financial Reporting (Conceptual Framework) so that they apply explicitly to;

- a) for-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards (with the previous limitation to entities with public accountability removed); and;
- b) other for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021.

Accounting Standards and Interpretations issued but not yet effective for 30 June 2020 continued

The Conceptual Framework is also amended to apply to other for-profit entities (including for-profit public sector entities) that elect to prepare general purpose financial statements and as a result apply the Conceptual Framework and the consequential amendments to other pronouncements set out in this Standard, as well as in AASB 2019-1.

The applicability of the Framework for the Preparation and Presentation of Financial Statements and Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity is amended so that they continue to apply to for-profit entities that do not need to apply the Conceptual Framework (eg for-profit public sector entities and those whose constituting document was created or amended before 1 July 2021), as well as to not-for-profit entities (subject to exceptions stated in the Standards).

Consequential amendments are made to various Standards, including amending the applicability of the 'reporting entity' definition in AASB 1057 so that it is not relevant to the entities to which this Standard is applicable (all of which would apply the Conceptual Framework). As a consequence, the ability of such an entity to prepare special purpose financial statements is removed and it will need to prepare general purpose financial statements that comply with Australian Accounting Standards (or accounting standards, under legislative requirements).

This Standard also adds an Appendix to AASB 1053 Application of Tiers of Australian Accounting Standards to provide relief from restating comparative information for entities that elect to early adopt the requirements in this Standard.

AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)

This Standard sets out a new, separate disclosure Standard to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053. This Standard has been developed based on a new methodology and principles to be used in determining the Tier 2 disclosures that are necessary for meeting user needs, to replace the current Reduced Disclosure Requirements (RDR) framework. The methodology and principles applied are outlined in the Basis for Conclusions to this Standard.

This Standard does not change;

- which entities are permitted to apply Tier 2 reporting requirements; and;
- the recognition and measurement requirements of Tier 2, which are the same as for Tier 1.

The disclosures that are relevant to Tier 2 entities are set out in this separate Standard. Disclosure requirements set out in the body or appendix of other Standards will no longer be shaded or unshaded in relation to Tier 2 requirements.

While entities that comply with this Standard need to apply the recognition and measurement requirements in other Standards, they are exempt from the disclosure requirements in specified paragraphs in other Standards. Tier 2 entities are also not required to comply with other Standards that deal only with presentation and disclosure. Consequential amendments to the relevant Standards are set out in Appendix C.

While this Standard includes certain presentation requirements, these do not result in presentations or classifications that are different to those required for Tier 1 entities. The only exception is the option not to include a separate statement of changes in equity in certain circumstances, as set out in paragraph 26 of the Standard.

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