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Chief Executive
External Reporting Board
PO Box 11250
Manners St Central
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Dear Sir

NZASB Invitation to Comment on Exposure Draft NZASB 2017-1

We are pleased to comment on the proposals set out in the NZASB Invitation to Comment *Exposure Drafts NZASB 2017-1: Amendments to RDR for Tier 2 for-profit entities*. Overall we support the Board's efforts to provide a more robust approach for determining reduced disclosure requirements (RDR) for Tier 2 for-profit entities, with a clearer focus on user needs. We generally agree the proposed RDR framework, as outlined in the Policy Statement, will help achieve this result. We have responded to your specific question as per the Invitation to Comment in the appendix attached.

In terms of the proposed disclosures required under the RDR as amended by the ED, we are in agreement with many of the proposed disclosures required under the RDR as amended by the ED. However, we have identified a number of disclosures that have been included under the amended requirements which we believe do not meet the needs of users. Conversely, we have identified a significant number of disclosure requirements not included in the revised RDR that we consider should be so included. Please refer to our submission to the AASB for specific comments on the proposed RDR disclosures and concessions.

Please do not hesitate to contact us should you have any queries. We also would be happy to meet with you to discuss our comments further.

Yours faithfully
Ernst & Young Limited

Graeme Bennett
Partner

Appendix A – Response to specific ITC questions

1. Do you agree with the overarching principles on which the proposed RDR decision-making framework is based (that is, user needs and cost-benefit)? If you disagree, please explain why

We agree with the overarching principles on which the RDR decision-making framework is based, namely 'user needs' and 'cost-benefit'. These principles are consistent with the current requirements of the New Zealand Equivalent to the International Accounting Standards Board's (IASB) *Conceptual Framework for Financial Reporting*. We note these overarching principles were those identified and applied, albeit in a different manner, in determining Tier 2 disclosure requirements when the RDR was initially introduced. At that time, these principles were identified as those used by the IASB in determining the disclosures to be required in the *International Financial Reporting Standard for Small and Medium-sized Enterprises (IFRS for SMEs)*, with RDR disclosures being drawn from that standard where recognition and measurement requirements were the same as in NZ IFRS. Where recognition and measurement requirements were not the same, the principles of 'user needs' and 'cost-benefit' were applied directly to the NZ IFRS standard (albeit again with different operational guidance to that outlined in the proposed Policy Statement) to determine what disclosures would be required under RDR.

With the IASB decision not to update IFRS for SMEs for some recent amendments and new IFRS standards, we agree with the Board's proposed amended approach to identifying Tier 2 disclosure requirements, and in particular the application of user needs and cost-benefit as the overarching principles to be applied.

2. Do you agree with the two Key Disclosure Areas identified as being essential for meeting user needs? If you disagree with either Key Disclosure Area (including any of the specific disclosures about transactions and other events significant or material to understanding the entity's operations as represented by the financial statements), please explain which one(s) you disagree with and why?

We agree with the two key disclosure areas (KDAs) identified in the proposed Policy Statement, namely (1) current liquidity and solvency of the entity and (2) transactions and other events that are significant or material to an understanding of the entity's operations as represented by the financial statements. We consider the specific areas of disclosure identified for the latter KDA encompass those disclosures related to significant or material transactions or events that are likely to be most useful to users of the financial statements of Tier 2 entities.

We note the framework for RDR decision making is based on a rebuttable presumption that the benefits of providing these disclosures as listed in paragraph 8 of the draft Policy Statement exceed the costs, and that unless the Board rebuts this presumption Tier 2 entities will be required to make these disclosures. Conversely, where a disclosure is not a KDA there is a rebuttable presumption that the costs of providing the disclosures exceed the benefits, and unless the presumption is rebutted Tier 2 entities are not required to make these disclosures.

We consider the use of these rebuttable presumptions is an appropriate basis of operationalising the RDR decision making framework. However, we note the assessment of costs versus benefits, and therefore determining when these presumptions are rebutted, will inevitably involve a degree of judgement.

3. Do you agree with the proposed RDR decision-making framework and operational guidance as a whole for determining RDR for Tier 2 for-profit entities? If you disagree, please explain why

With the exception of those matters identified below and in our comments on specific proposed RDR concessions as detailed in our letter to the AASB, we are in agreement with the proposed joint Policy Statement as a whole for determining RDR for Tier 2 entities.

We agree with the principle of maintaining the same presentation requirements under Tier 1 and Tier 2 (with the exception of the presentation of a third statement of financial position). We acknowledge the distinction

between presentation and disclosure will not always be clear and that judgement will be required in such cases. We note the IASB is currently undertaking work on this issue as part of its Principles of Disclosure (POD) project and would encourage the Board to consider the potential impact of the discussion of this matter in their POD Discussion Paper as far as it relates to the distinction for the purposes of the RDR for Tier 2 entities. In the interim, we think the guidance provided in the framework for making this distinction (paragraph 20) is generally sound. We agree with the guidance provided in paragraph 20(d), that where there is an option for provision of information either on the face of the financial statements or in the notes (e.g., NZ IAS 1.106A), this be considered a disclosure requirement and assessed against the RDR decision making framework to determine if the information is included. The choice of where this information is located, with the option to include it in the notes, would seem to suggest that it is not considered to be as key as information that is required to be presented on the face of the financial statements.

We agree that encouraged disclosures should be reduced for Tier 2 entities (paragraph 26) and that reconciliations not be required to be prepared by such entities (paragraph 27). Further, given that NZ IFRS 8 and NZ IAS 33 do not apply to Tier 2 entities, we agree that paragraphs that refer to these two standards should be reduced for such entities. (However, please see our specific comment on NZ IAS 10.22(f)/AASB 110.22(f) in Appendix B of our letter to the AASB.)

We note the discussion of disclosure objectives in paragraphs 21-23 of the Draft Policy Statement distinguishes between (a) those paragraphs that require the entity to disclose information to meet a stated objective, with no specific disclosure requirements (which are reduced for Tier 2 entities), and (b) those paragraphs that contain the disclosure objective only and do not require an entity to provide any disclosures (which are not reduced for Tier 2 entities). We find this distinction to be unclear and therefore confusing. Furthermore, based on the Exposure Draft, there then appears to be a third type of paragraph that contains a disclosure objective but also refers to the disclosures required to meet that objective (e.g., NZ IFRS 15.110), in which case the paragraph is again reduced for Tier 2 entities. We see little difference between this example from NZ IFRS 15 and the requirement in NZ IFRS 16.51 (referred to in footnote 9 on page 11 of the draft Policy Statement) which is proposed to be retained.

As noted, paragraph 23 indicates that disclosure objectives that do not themselves require an entity to provide disclosures are retained for Tier 2 entities. On applying the framework to the specific disclosures required by standards that include such disclosure objectives, it may be possible that some specific disclosures that might be considered necessary to meet the retained objective are actually reduced for Tier 2 entities (e.g., because the costs of providing the disclosure exceed the benefit, or they do not relate to a KDA). In such circumstances, where the specific disclosures are not provided because they are not required for Tier 2 entities, it might be questioned whether the entity can in fact claim compliance with Tier 2 requirements, as it would not have provided sufficient disclosure to meet the objective that remains in the standard. We suggest the Board consider whether this is an unintended consequence of retaining such disclosure objectives for Tier 2 entities.

4. Do you agree with the outcome of the application of the proposed RDR-decision making framework and operational guidance to the disclosure requirements in NZ IFRS to determine the disclosure requirements for Tier 2 for-profit entities? If you disagree with the outcome, please identify, with reasons:

(a) Which disclosures that are identified as requirements that you believe Tier 2 entities should not be required to provide; and

(b) Which disclosures that are identified as concessions that you believe Tier 2 entities should be required to provide.

Please refer to Appendix B of our letter to AASB for our comments on specific disclosure requirements of the RDR.

5. Do you agree with the approach taken by the NZASB regarding disclosures about accounting policies? If you disagree, please explain why.

We note the NZASB has decided to retain for Tier 2 entities all disclosures of accounting policies, including the general disclosures required by NZ IAS 1 and NZ IAS 8, as well as the more specific disclosures required within other NZ IFRS. In contrast, the AASB's proposed approach to disclosures of accounting policies relies on the Australian equivalents to NZ IAS 1 and NZ IAS 8. Under this approach, all disclosures about accounting policies contained in any of the other standards are reduced for Tier 2 entities.

We consider that the NZASB's rationale for its approach to accounting policy disclosures as described in paragraph NZ 12.1 of the draft Policy Statement and paragraph 59 of the Invitation to Comment are well founded. We agree that removal of specific disclosures around accounting policies from a standard might be interpreted as a disclosure concession, despite the same specific disclosure being expected or required under the more general accounting policy disclosure requirements in NZ IAS 1 and NZ IAS 8. As such it is possible that inadequate or non-disclosure of accounting policies that are material to an understanding of the entity's financial statements may result. We do not consider the AASB's approach of stating within each standard that the disclosure requirements in NZ IAS 1 and NZ IAS 8 relating to accounting policies apply where relevant, will sufficiently address this possibility. Further, while reducing the accounting policy disclosures from all standards other than NZ IAS 1 and NZ IAS 8, as per the AASB's approach, will reduce certain repetition from the standards, we note that including the abovementioned statement referring to NZ IAS 1 and NZ IAS 8 in each standard will in fact create repetition of information within the standards.

We also note the work of the IASB in relation to disclosure of accounting policies as part of its POD project, and encourage the NZASB to consider in due course the implications of this work on the disclosure of accounting policies by Tier 2 entities.

6. Do you agree with the approach taken by the NZASB regarding guidance for disclosure requirements? If you disagree, please explain why.

The NZASB has decided to keep all guidance that relates to disclosures that Tier 2 entities are required to provide, on the basis that the guidance is intended to assist preparers in providing the disclosures. On the other hand, we note the AASB proposes to reduce some of the guidance for disclosures that remain in the RDR, particularly where the guidance is of a general nature and considered to be unnecessary for Tier 2 entities to meet the related disclosure requirements.

We agree with the NZASB's approach. By their nature some entities that qualify to prepare Tier 2 financial statements (e.g., some for-profit private sector entities that do not have public accountability) might be considered to be less sophisticated in terms of the processes and resources available for financial statement preparation, including preparation of the required disclosures. On this basis, any guidance, whether general or specific, that may assist in the preparation of those disclosures would seem to be a useful inclusion in the disclosure requirements for Tier 2 entities. We note that the IASB, in developing the international equivalent standards, considered the guidance in question to be necessary or appropriate to include to assist in preparation of the related disclosures, and as such we do not think it appropriate to remove such guidance from the Tier 2 requirements.

7. Do you agree with the approach taken by the NZASB regarding cross-references to other standards that are general rather than specific? If you disagree, please explain why.

The NZASB proposes to keep cross-referencing for Tier 2 entities, while the AASB proposes to remove cross-referencing of a general nature as it considers these to be duplication of disclosure requirements. Paragraph 68 of the Invitation to Comment explains the basis for the NZASB proposal to be that removal of such cross-references to other standards might be misinterpreted as implying that Tier 2 entities are not required to comply with the disclosure requirements in the other standards. In this respect the rationale is similar to that supporting the NZASB's position on accounting policies addressed under matter 5 above. For

similar reasons to those outlined at 5 above, on balance we favour the position taken by the NZASB on this issue, particularly since such a cross-reference would not result in any additional disclosure being required.

8. Do you agree with the proposal to retain the approach of using an asterisk (*) for disclosures that Tier 2 entities are not required to provide and explaining partial concessions by means of an RDR paragraph? If you disagree, please provide, with reasons, an alternative approach for consideration.

We support the NZASB's proposal to retain the current approach of using an asterisk for disclosures that Tier 2 entities are not required to provide, and explaining partial disclosure concessions using an RDR paragraph.

We acknowledge that alternative approaches have certain merits. For example, the AASB's current approach of highlighting/shading those disclosures that are not required for Tier 2 entities in Australia potentially makes RDR concessions more visually obvious as compared to using asterisks, and therefore easier for a user to identify. Alternatively, the AASB's proposed approach of identifying only those disclosures that Tier 2 entities are required to provide in an appendix to each relevant standard, rather than identifying disclosure concessions in the standard itself, has the advantage of enabling Tier 2 entities to see all disclosures that they are required to provide in one location, without any additional disclosures that are not required. However, we note the NZASB's current approach to using asterisks to identify disclosure concessions has been used in New Zealand for over 20 years (initially to identify differential reporting concessions, and since 2012 to identify RDR disclosure concessions), therefore preparers in New Zealand are very familiar with this approach. Thus, a New Zealand preparer is unlikely to overlook a RDR concession because it is marked with an asterisk rather than shaded, or because it is presented as a concession in the main body of the standard together with disclosures that are not required for Tier 2 entities. Furthermore, introducing the AASB's current or proposed approach in New Zealand may in fact cause confusion for preparers due to lack of familiarity, despite the potential merits of these approaches. We therefore support the retention of the NZASB's current approach to identifying RDR concessions.

9. Do you agree that, once approved, the amended Tier 2 disclosure requirements should be effective for annual periods beginning on or after 1 January 2019, with early application permitted for annual periods beginning on or after 1 January 2018 (with early adoption of the concessions in NZ IAS 40 permitted only when an entity also applies NZ IFRS 16)?

Given that it is not expected the final standard will be issued until the second half of 2017 at the earliest, we agree with the proposed application date of periods beginning on or after 1 January 2019.

We consider that permitting early adoption for periods beginning on or after 1 January 2018 is acceptable given this implies the earliest financial year end to which the new standard could be applied is 31 December 2018. This has the advantage of providing sufficient lead time for Tier 2 entities to implement the new requirements if they wish to do so early, and also allowing the entity to apply the new requirements at the same time as it first applies NZ IFRS 15 and the amendments to NZ IFRS 7 as a consequence of NZ IFRS 9. We do not recommend moving the early application date to any time before 1 January 2018, as early adoption of the revised Tier 2 disclosures prior to applying NZ IFRS 15 and NZ IFRS 7 as amended by NZ IFRS 9 could cause a mismatch in disclosure requirements.

10. Do you have any other comments on the ED?

As mentioned above, please refer to our letter to the AASB for our comments on the specific disclosure requirements and concessions for Tier 2 entities as proposed in the ED.

In terms of additional comments, we note the NZASB's proposed amendments to the RDR framework and disclosures apply only to for-profit entities and not to public benefit entities (PBEs). We understand the principles of users' needs and cost-benefit would also be applicable in the context of identifying RDR

concessions in PBE Standards, and these principles are consistent with the current requirements of the PBE Conceptual Framework. We acknowledge that PBEs differ to for-profit entities in terms of their objectives and, in some cases, their transactions and the information needs of the users of their financial statements. However, we note that several disclosures identified as KDA in the proposed Practice Statement would seem to also be important to users in the PBE space, such as disclosures about accounting policies, significant estimates and judgements, impairment and related parties. Additionally, we note that in Australia, the AASB proposes to apply the amended RDR framework to not-for-profit entities. We therefore believe that it would be beneficial to consider developing an amended framework for identifying RDR disclosures and concessions in PBE Standards, albeit taking into account the inherent differences between PBEs and for-profit entities.

We do not have any additional comments on the draft Policy Statement or accompanying ED.

Appendix B: Response to Specific Matter for Comment 7

7. Do you agree with the outcome of the application of the proposed joint Policy Statement to the disclosure requirements in Australian Accounting Standards to determine the disclosures that Tier 2 entities should be required to provide? (see Proposed Tier 2 Disclosures) If you disagree with the outcome, please identify, with reasons:
- (a) which disclosures that are identified as requirements that you believe Tier 2 entities should not be required to provide; and
 - (b) which disclosures that are identified as concessions that you believe Tier 2 entities should be required to provide.
- (a) Disclosures that are identified as requirements that we believe Tier 2 entities should not be required to provide

Reference	Comment
AASB 1.27A	Reference to updating reconciliations required by paragraph 24 should be removed as these reconciliations are not required under RDR.
AASB 101.61	While we agree that the disclosure (the amount expected to be recovered or settled after more than 12 months for each asset and liability line item) relates to a KDA (current liquidity and solvency) we question whether the benefits of providing the information would exceed the costs as stated in the analysis. We therefore suggest that this paragraph continue to be excluded under RDR.
AASB 101.80A	While we agree that the disclosure (reclassification of puttable instruments) relates to a KDA (current liquidity and solvency) we question whether the benefits of providing the information would exceed the costs as stated in the analysis. We therefore suggest that this paragraph continue to be excluded under RDR.
AASB 112.81(c)	We question whether reference to Tax Transparency rules is an appropriate basis for justifying retention of the reconciliation, as these disclosures serve a different purpose. Also, it is not clear if the benefits of providing this disclosure would exceed the costs in this case. If excluded under RDR this would also require that paragraphs 84 and 85 also be removed.
AASB 119.139(a)(ii)	While we agree that the level of any minimum funding requirements is a KDA relating to commitments and contingencies, we do not believe that the description of the regulatory framework in which the plan operates and the asset ceilings would fall within this and do not agree that the benefits of providing these disclosures would exceed the cost.
AASB 119.146	We consider the disclosures relating to the asset liability matching strategies used by the plan or the entity could be very onerous for Tier 2 entities and hence do not agree that the benefits of providing the disclosure would exceed the costs.
AASB 138.126	We question whether the benefits of disclosing the aggregate amount of research and development expenditure recognised as expense exceed the costs. We therefore suggest that this paragraph continue to be excluded under RDR.

- (b) Disclosures that are identified as concessions that we believe Tier 2 entities should be required to provide

Disclosures we believe are needed for Tier 2 entities:

Reference	Comment
AASB 3.B64(f)	We question why the presumption is rebutted that the benefit of disclosing the breakdown of the fair value of the consideration would exceed the cost given similar disclosure for the assets and liabilities acquired under paragraph B64(i) is required for Tier 2 entities.
AASB 3.B67(a)	We question why the disclosures relating to measurement period adjustments are not considered to be a KDA (the nature of the transaction or event makes it significant or material to the entity) in a similar manner to disclosures related to prior period errors under AASB 108.49, and therefore required by Tier 2 entities.
AASB 7.18(a)	We question whether the costs of disclosing defaults during the period would exceed the benefits of doing so. Management will know if the entity defaulted during the year, with details of such defaults providing information to users of potential financial difficulty. Such information would appear to fall within the KDA of liquidity and solvency.
AASB 7.23F	We question whether this information on forecast transactions no longer expected to occur would be costly to provide as it would be readily available. It provides valuable insights into hedging strategies, which themselves relate to managing business risks, which is a KDA.
AASB 13.93(d) and 93(h)(ii)	These disclosures relate to providing information about inputs to Level 3 fair value measurements and sensitivity to changes in unobservable inputs to such measurements. As such we question whether it is correct to regard these disclosures as not being a KDA; that is, they may be considered to relate to a 'significant estimate or judgement specific to a transaction or event'. Also, the comment in the Analysis Copy of ED 277 for paragraph 93(d) seems to suggest that it is reduced for Tier 2 entities in its entirety; however only the latter part of the paragraph is shaded.
AASB 15.116-118	We understand the contract balances disclosures were designed as a cost-benefit trade off to require disclosure of some information that would otherwise be included in a reconciliation, but without requiring a full numerical reconciliation to be prepared. While noting that the RDR framework proposes not to require reconciliations for Tier 2 entities (paragraph 27), it also notes that the individual items of the reconciliation should be assessed against the RDR framework. Each of the line items specified in the paragraph 116-118 disclosure are intended to provide more information about the entity's performance and movements in its working capital position (see AASB 15.BC341-BC342). Some of this information could be regarded as being useful in assessing both performance and liquidity. For this reason we think that at least some of this disclosure should be reconsidered for inclusion in RDR.
AASB 15.129	Disclosure of the practical expedients applied is proposed to be reduced for Tier 2 entities. We consider that this should be viewed as part of the accounting policy disclosure rather than a discrete disclosure requirement, and therefore falls within a KDA.
AASB 16.B52	For a sale and leaseback there can be a fine line between a financing and a derecognition. As such, the business reasons for achieving sale provides useful information to users. Such information would be readily available as it relates to the company's decisions. As such we question whether the cost of providing the disclosure would exceed the benefits.

Reference	Comment
AASB 110.22(f)	Major ordinary share transactions of a Tier 2 entity would be a significant subsequent event, and therefore relate to a KDA irrespective of the fact that AASB 133 does not apply to such entities. We suggest that only the bracketed sentence referring to AASB 133 be removed for Tier 2 entities.
AASB 112.81(e) & AASB 112.82	As the amounts disclosed may effectively be related to impairment, we consider that the disclosure would relate to a KDA. Further, this disclosure has added importance where amounts relate to foreign tax provisions where different conditions (e.g., finite carry forward period) to those in Australia may apply.
AASB 112.81(f)	This disclosure relates to a key tax risk, especially with BEPS / other cross border tax issues, and as such would relate to a KDA.
AASB 119.141(a),(b)	We consider the income statement impact (current service cost and interest income or expense) relating to defined benefit plans are a KDA owing to the nature of the transaction or event that makes it significant to the entity. This is similar to the disclosure of the defined contribution expense for the period under paragraph 53. Hence we believe this disclosure should be retained for Tier 2 entities, albeit not required to be provided as part of the reconciliation referred to in paragraph 140.
AASB 136.130(f)(i)	The requirement to disclose the level in the fair value hierarchy in which the fair value measurement of the asset/CGU is categorised has been reduced on the basis that the costs exceed the benefits, but subsequently disclosures relating to fair values are required by paragraph 130(f)(iii) if they are in Level 2 or 3 of the hierarchy. As such the entity would need to determine the level in the hierarchy and the cost of disclosing it would be negligible.
AASB 136.134(e)	We question why the disclosures relating to determination of recoverable amount based on fair value are not required while disclosures that might be considered similar in nature relating to the determination of value in use are required under paragraph 134(d).
AASB 141.54(a)	We do not think that the removal of this disclosure makes sense. In our view it would not be useful to provide an explanation of why fair value of a biological asset cannot be measured (paragraph 54(b)) but not disclose what type of biological asset it relates to (paragraph 54(a)). Therefore this disclosure should be retained.
AASB 1055.6	We do not agree with the proposal to remove the requirement for disclosure of the budgeted statement of profit or loss and other comprehensive income. This provides insights to users on the operating performance/budgeted opex, which we consider would be of critical importance to users of public sector entities' budgeted information. As such we consider the benefits of disclosing this information would exceed the costs.
AASB Interpretation 129.6(d),(e)	We consider that disclosures relating to service concession arrangements should include the details of changes to the arrangement and how it has been classified, which provides important information to users for which we would expect benefits to exceed the costs of providing the information.

Disclosures we are of mixed views and therefore the Board might wish to reconsider for Tier 2 entities:

Reference	Comment
AASB 1.26	While we understand that this is considered to be guidance relating to the reconciliations required by paragraph 24, which are now removed for Tier 2 entities, we believe including disclosure relating to correction of prior period errors ought to be considered, consistent with AASB 108.

Reference	Comment
AASB 1.32-33	Paragraph 32 refers back to paragraph 23, which is required for Tier 2 entities, but applies only to annual financial statements. Given that few disclosures required by AASB 134 are removed under RDR we would expect that it is made clear that the base requirements of paragraph 23 apply also to interim financial statements. Similarly for paragraph 33.
AASB 6.25	We suggest that the highlighted text in this paragraph, 'and make the disclosures required by either AASB 116/NZ IAS 16 or AASB 138/NZ IAS 38 consistent with how the assets are classified' should not be removed for Tier 2 entities. We recognise its removal complies with the stated principle of removing general cross-references. (See our comment on this point under Specific Matter 6 in Appendix A.) However, there is considerable debate for exploration and evaluation assets as to which standard should govern their subsequent measurement and presentation/disclosure; i.e., AASB 116 or AASB 138. As such, we consider this text provides useful guidance on this matter.
AASB 7.22C	This disclosure relates to an important change relating to hedging introduced by AASB 9. The costs of disclosing this information shouldn't be high as the entity has completed the work needed to achieve hedge accounting, and it provides users with a better understanding of the entity's hedging strategies.
AASB 7.42A-42H	We believe that there should be some level of disclosure under RDR for transfers of financial assets. There often is a fine line between recognising borrowings and derecognising receivables which can make a significant difference on matters such as gearing. Providing these disclosures allows users to obtain an understanding of an entity's derecognition/transfer activities.
AASB 12.21(a)(ii)	This is an example of general guidance that we believe would be of assistance to Tier 2 entities in preparing their financial statements. (Refer to our comments on Specific Matter 5 in Appendix A.)
AASB 12.23(b)	As noted in Appendix A under Specific Matter 6, we consider that cross-referencing to other standards does not require any additional disclosure and that removal of such cross-references could result in confusion.
AASB 15.119(c)	We think that principal vs agent assessments represent a significant judgement that can have a material impact on the revenues and costs of an entity. As such we believe that a description of 'the nature of goods or service that the entity has promised to transfer, highlighting any performance obligations to arrange for another party to transfer goods or services (ie if the entity is acting as an agent)' fall under a KDA (significant estimates and judgments specific to a transaction or event).
AASB 15.B87	This paragraph introduces the application guidance in B88-B89. Deleting B87 will not remove disclosure burden, but it may make reading the disclosure requirements more confusing (unless B88-B89 is co-located with the paragraph 114 disaggregation of revenue requirement in the proposed RDR Appendix to AASB 15).
AASB 15.C8(a)	We do not agree with the proposal to remove the disclosure of the current period trend information when the modified retrospective transition option is chosen (i.e., the financial statement line item amounts for the current period on the basis that existing revenue standards had still applied). Although this disclosure may not strictly represent a KDA for assessing liquidity/solvency or as a significant transaction/event, this disclosure provides users with trend information to be able to assess performance between the prior year and current year in circumstances where the modified retrospective transition method is applied. This might suggest that the key disclosure areas (which do

Reference	Comment
	not seem to focus directly on financial performance) do not completely capture the user information needs identified on page 6 of the preface to ED 277.
AASB 16.B51(a),(b) & (d)	We question whether this information would be costly to provide as an entity would have views on why they are providing residual value guarantees. Further, as this represents guidance on the application of paragraph 51 we believe it is beneficial for such guidance to be kept for Tier 2 entities. See our response to Specific Matter 5 in Appendix A.
AASB 101.78	Removal of the guidance in this paragraph seems counterintuitive considering the nature of many Tier 2 entities. Additional guidance, such as that provided here by cross referencing to other standards, is likely to be of use to such entities. Refer to our comments on Specific Matters 5 and 6 in Appendix A; this is an example of the more general points raised therein.
AASB 101.131	This is a further example of general guidance that we believe would be of assistance to Tier 2 entities in preparing their financial statements.
AASB 110.13	This is a further example of where we consider removal of a general cross reference to be potentially confusing. It could be taken in isolation to imply that disclosure of the dividend in the notes is not required.
AASB 110.18	Removal of the general guidance provided in this paragraph seems unnecessary. If relevant to Tier 1 entities it would appear to be equally relevant to Tier 2 preparers.
AASB 116.77(b)	We consider that there is significant benefit to users in understanding whether an independent valuer has been involved in determining a valuation, and that the cost of providing such disclosure would be minimal.
AASB 119.135	This is a specific instance of where we consider that removal of the paragraph requiring disclosures to meet a stated objective would potentially be confusing to preparers given that certain disclosures under paragraphs 139 and 140-144 as referred to here are still required to be disclosed by Tier 2 entities.
AASB 121.52(b)	We consider the removal of this disclosure could potentially lead to confusion by implying that it does not need to be disclosed, when it is required by AASB 101.106. This is also an example of where the distinction between presentation and disclosure might be considered to be somewhat blurred.
AASB 124.16, 22	This is a further example of where we consider removal of general guidance is not serving the best interests of Tier 2 preparers.
AASB 134.15A	We consider that this paragraph provides useful guidance on the nature of the disclosures required and should be retained for Tier 2 entities.
AASB 140.75(e)	Consistent with our comment above on AASB 116.77(b), we believe that there is benefit to users in understanding whether an independent valuer has been involved in determining a valuation, and that the cost of providing such disclosure would be minimal.
AASB 141.53	We consider that this paragraph provides useful guidance to Tier 2 entities on the disclosure of risks associated with agricultural activity (a KDA), and therefore should be retained.