IFRS

STAFF PAPER

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IASB® Meeting

Project	**Subsidiaries that are SMEs**
Paper topic	Research results—can we do it

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Introduction

1. As reported to the International Accounting Standards Board (Board) at its September 2019 meeting, the staff has carried out research on the 'Subsidiaries that are SMEs' project in two parts:

   Part 1—Would a Standard, if developed, be adopted by jurisdictions and applied by subsidiaries that are SMEs?

   Part 2—Can we utilise the disclosure requirements of the *IFRS for SMEs* Standard with only minimal tailoring?

2. In September 2019 the staff reported the results of the research on whether a Standard would be adopted and applied—what we have heard.

3. In this agenda paper we report the results of our analysis on whether we can utilise the disclosure requirements of the *IFRS for SMEs* Standard with only minimal tailoring—can we do it.

4. In this paper we:

   (a) remind the Board of the objective of the research stage of the project (paragraphs 5–6);

(b) report the findings of the second of the two parts of the research—*can we do it* (paragraphs 7–33); and

(c) ask the Board whether it has any questions on the research reported in this paper and whether it has a preference for approach 1 or approach 2 for tailoring the disclosure requirements of the *IFRS for SMEs* Standard (paragraph 34).

Objective of the research

5. The objective of the research stage of the project is to assess whether it would be feasible to permit subsidiaries that are SMEs to apply the recognition and measurement requirements of IFRS Standards with the disclosure requirements of the *IFRS for SMEs* Standard.

6. The research stage is intended to provide the Board with evidence to help it decide whether to move the project to its standard-setting agenda.

Findings of the research: can we do it

7. The findings of the research are reported in the following order:

   (a) a description of the two alternative approaches to tailoring the disclosure requirements of the *IFRS for SMEs* Standard taken by the staff and the difference in outcomes from the two approaches (paragraphs 8–14);

   (b) a reminder of the principles in paragraph BC157 of the *IFRS for SMEs* Standard because these have been applied by the staff in the research (paragraphs 15–18);

   (c) staff demonstration of example disclosure requirements (paragraphs 19–21 and appendices 1–5);

   (d) an explanation of the tailoring (paragraphs 22–27);

(e) an outline of the Australian Accounting Standards Board project (paragraphs 28–32); and

(f) staff summary of the second part of the research—can we do it (paragraph 33).

The two alternative approaches to tailoring taken by the staff

8. The staff has reviewed a number of IFRS Standards and compared them to the relevant Section of the *IFRS for SMEs* Standard. In this paper we present, for five IFRS Standards, the disclosure requirements that, after undertaking the review, the staff recommend would be suitable for subsidiaries that are SMEs.

9. The review process applied by the staff was to:

   (a) analyse the recognition and measurement differences between the IFRS Standard and the relevant Section of the *IFRS for SMEs* Standard;

   (b) list any presentation requirements in the IFRS Standard and in the Section of the *IFRS for SMEs* Standard; and

   (c) list the disclosure requirements in the IFRS Standard and in the Section of the *IFRS for SMEs* Standard, highlighting differences, and recommending whether the disclosure requirements of the Section of the *IFRS for SMEs* Standard should be adapted (tailored).

10. The staff has taken two alternative approaches when considering whether to adapt/tailor the disclosure requirements of the Section of the *IFRS for SMEs* Standard. Consequently, two versions of the example disclosure requirements are presented in this paper.

Approach 1

11. In considering whether to adapt the disclosure requirements in approach 1 the staff has applied the following guidelines:

(a) if there is no recognition and measurement difference and the disclosure requirement was in the IFRS Standard when the *IFRS for SMEs* Standard was developed – no change;

(b) if there is no recognition and measurement difference but the disclosure requirement was added to the IFRS Standard since the *IFRS for SMEs* Standard was developed – consider the principles in BC157 of the *IFRS for SMEs* Standard and adapt the disclosures if supported by one of the principles;

(c) if there is a recognition and measurement difference – consider the principles in BC157 of the *IFRS for SMEs* Standard and adapt the disclosures if supported by one of the principles.

Approach 2

12. Approach 2 is the same approach as approach 1, except that it combines steps (a) and (b) from approach 1 into ‘if there is no recognition and measurement difference – no change’.

13. Approach 2 is therefore:

(a) if there is no recognition and measurement difference – no change;

(b) if there is a recognition and measurement difference – consider the principles in BC157 of the *IFRS for SMEs* Standard and adapt the disclosures if supported by one of the principles.

Difference in outcome from the two approaches

14. There is only a difference in outcome between the two approaches when there has been a change to the disclosure requirements, but not to the recognition and measurement requirements, in an IFRS Standard since the *IFRS for SMEs* Standard was developed/revised. In the five Standards illustrated in the appendices to this paper, the only difference in outcome relate to IFRS 16 *Leases*—see appendix 3.

Principles in BC157 of the **IFRS for SMEs** *Standard*

15. In developing the *IFRS for SMEs* Standard, the Board agreed that the nature and degree of the differences between IFRS Standards and the *IFRS for SMEs* Standard would be determined on the basis of users' needs and cost-benefit analyses and that the cost-benefit trade-off would be assessed in relation to the information needs of the users of an entity's financial statements (see paragraph BC45 of the *IFRS for SMEs* Standard).

16. Paragraphs BC156 to BC158 of the *IFRS for SMEs* Standard explain the reasons for the reductions in disclosure requirements between IFRS Standards and the *IFRS for SMEs* Standard. There are four principal reasons for reduced disclosure requirements compared to those in IFRS Standards; three of these apply when the recognition and measurement requirements in the *IFRS for SMEs* Standard differ from those in IFRS Standards. The four principal reasons for reduced disclosure requirements are:

The* IFRS for SMEs *Standard includes different recognition and measurement principles

(a) the topic is omitted from the *IFRS for SMEs* Standard, for example, earnings per share;

(b) an option in IFRS Standards has been omitted, for example, the revaluation model is not permitted in the *IFRS for SMEs* Standard but is permitted by IAS 38 *Intangible Assets*;

(c) the *IFRS for SMEs* Standard contains a simplified approach, for example, the *IFRS for SMEs* Standard requires all borrowing costs to be expensed whereas IAS 23 *Borrowing Costs* requires some to be capitalised; and

The* IFRS for SMEs *Standard includes the same recognition and measurement principles

(d) some disclosures are not included on the basis of users' needs or cost-benefit considerations.

17. Paragraph BC157 of the *IFRS for SMEs* Standard sets out the principles that guided the Board when it determined which disclosures to include in the *IFRS for*

SMEs Standard on the basis of users' needs. The staff have therefore applied the principles in paragraph BC157 when considering whether the disclosure requirements of the *IFRS for SMEs* Standard should be adapted.

18. Paragraph BC157 of the *IFRS for SMEs* Standard states:

> Assessing disclosures on the basis of users' needs was not easy, because users of financial statements tend to favour more, rather than fewer, disclosures. The Board was guided by the following broad principles:
>
> (a) Users of the financial statements of SMEs are particularly interested in information about short-term cash flows and about obligations, commitments or contingencies, whether or not recognised as liabilities. Disclosures in full IFRSs that provide this sort of information are necessary for SMEs as well.
>
> (b) Users of the financial statements of SMEs are particularly interested in information about liquidity and solvency. Disclosures in full IFRSs that provide this sort of information are necessary for SMEs as well.
>
> (c) Information on measurement uncertainties is important for SMEs.
>
> (d) Information about an entity's accounting policy choices is important for SMEs.
>
> (e) Disaggregations of amounts presented in SMEs' financial statements are important for an understanding of those statements.
>
> (f) Some disclosures in full IFRSs are more relevant to investment decisions in public capital markets than to the transactions and other events and conditions encountered by typical SMEs.

Example disclosure requirements

19. Example disclosure requirements for approach 1 and approach 2 are set out in the appendices to this paper for the following five IFRS Standards:

IFRS Standard		**Relationship with the *IFRS for SMEs* Standard**
IFRS 8	*Operating Segments*	Not dealt with in the *IFRS for SMEs* Standard.

IFRS 16	*Leases*	A new Standard, which replaced IAS 17. Section 20 of the *IFRS for SMEs* Standard is aligned with IAS 17.
IAS 10	*Events after the Reporting Period*	Section 32 of the *IFRS for SMEs* Standard is aligned with IAS 10.
IAS 36	*Impairment of Assets*	Section 27 of the *IFRS for SMEs* Standard is aligned with IAS 36.
IAS 38	*Intangible Assets*	IAS 38 contains some different recognition and measurement requirements to Section 18 of the *IFRS for SMEs* Standard.

20. The example disclosure requirements for approach 1 and approach 2 are presented in a track changes format showing the adaptations (tailoring) recommended by the staff to the disclosure requirements of the *IFRS for SMEs* Standard. In addition, the differences between the example disclosure requirements from the two approaches are highlighted. Finally, the example disclosure requirements are presented 'clean' demonstrating how they could be presented in a Standard.

21. The example disclosure requirements are presented in the following appendices:

Appendix 1	Approach 1	Staff demonstration of example adaptations applying approach 1 and, in the right-hand column, reasons for the main changes.
Appendix 2	Approach 2	Staff demonstration of example adaptations applying approach 2 and, in the right-hand column, reasons for the main changes.
Appendix 3	Differences between approach 1 & approach 2	Example disclosure requirements from approach 1 marked up to show how they are adapted to get to approach 2.
Appendix 4	Approach 1	'Clean' set of disclosure requirements, ie, appendix 1 with the changes accepted.
Appendix 5	Approach 2	'Clean' set of disclosure requirements, ie, appendix 2 with the changes accepted.

The tailoring

22. Some of the tailoring (adaptations) is to change the terminology from that used in the *IFRS for SMEs* Standard, for example, statement of comprehensive income, to the terminology used in IFRS Standards, for example, statement of profit or loss and other comprehensive income. Some tailoring is to change cross-references from references in the *IFRS for SMEs* Standard to references in IFRS Standards, for example, to change from 'see paragraph 18.12' to 'see paragraph 44 of IAS 38 *Intangible Assets*'.

23. The terminology and reference changes are equally applicable to approach 1 and approach 2, and are necessary because the intention is that should the project progress to standard setting, the project would lead to a Standard that would be part of IFRS Standards.

24. Other changes are the result of recognition and measurement differences, for example, IAS 38 permits intangible assets to be accounted for using the revaluation model whereas this is not permitted by the *IFRS for SMEs* Standard. These changes are also relevant to both approaches.

25. Finally, changes resulting from approach 1, but not approach 2, are because the disclosure requirements in the relevant IFRS Standard have been revised, without a corresponding change to the recognition and measurement requirements in the IFRS Standard, and the Board has not yet decided whether the *IFRS for SMEs* Standard should be aligned, for example, when IFRS 16 *Leases* replaced IAS 17 some additional disclosure requirements were added and some existing disclosure requirements were revised. Paragraph BC251 of IFRS 16 explains that:

> IFRS 16 enhances the previous lessor disclosure requirements in IAS 17 to enable users of financial statements to better evaluate the amount, timing and uncertainty of cash flows arising from a lessor's leasing activities. The enhancements are in response to views expressed by some stakeholders that the lessor accounting model in IAS 17 did not provide sufficient information relating to all elements of a lessor's leasing activities. In particular, some investors and analysts requested additional information about a lessor's exposure to residual asset risk.

26. An example is the maturity analysis required to be disclosed by lessors. IFRS 16 requires an analysis of lease payments receivable for a minimum of each of the first five years and a total for the remaining years whereas IAS 17 required an analysis of the present value of the minimum lease payments receivable for each of: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years.

27. Applying approach 2, the maturity analysis required by the *IFRS for SMEs* Standard, which is the same as that required by IAS 17, is retained without change whereas applying approach 1 the principles in paragraph BC157(a) support updating the maturity analysis to that required by IFRS 16.

The Australian Accounting Standards Board project

28. In Australia, for annual reporting periods beginning on or after 1 July 2013, Tier 2 entities[1] have applied the full recognition and measurement requirements from IFRS Standards but with reduced disclosures. The disclosures are reduced from IFRS Standards. The Australian Accounting Standards Board (AASB) is working on a project to replace[2] those disclosure requirements with some that are less onerous.

29. On 1 August 2019 the AASB published an exposure draft proposing to replace the reduced disclosure requirements with disclosure requirements based on the *IFRS for SMEs* Standard, tailored where necessary to reflect recognition and measurement differences. In the introduction to the exposure draft, the AASB stated that 'This ED demonstrates what the outcomes could be and may assist the IASB with their own project'.

30. In paragraph BC36 of the AASB exposure draft, the AASB explains that the approach it adopted:

[1] Tier 2 entities are: (a) for-profit private sector entities that do not have public accountability; (b) all not-for-profit private sector entities; and (c) public sector entities other than the Australian Government and State, Territory and Local Governments.

[2] The project is applicable to Tier 2 for-profit private sector entities that do not have public accountability.

is based on the premise that the disclosures in the IFRS for SMEs Standard should be retained where the R&M requirements and options are the same or similar in the IFRS for SMEs Standard and full IFRS. Disclosures relating to R&M options or treatments in the IFRS for SMEs Standard that are not available in full IFRS will be removed. Disclosures have only been added to the IFRS for SMEs Standard base where the R&M principles were significantly different or certain topics are not addressed under the IFRS for SMEs Standard.

31. Paragraph BC37 of the AASB exposure draft explains that the principles applied by the AASB in determining which disclosures to add are based on those in paragraph BC157 of the *IFRS for SMEs* Standard. The AASB approach is similar to approach 2 taken by the staff.

32. The comment period for the AASB exposure draft closes on 15 November 2019. Kris Peach, Chair and CEO of the AASB, will attend the December 2019 Board meeting to update the Board on the AASB project.

Staff summary of analysis

Can we do it?

33. Yes. From the analysis undertaken, and considering the AASB exposure draft, the staff believes that, regardless of whether we take approach 1 or approach 2, we can utilise the disclosure requirements of the *IFRS for SMEs* Standard with only minimal tailoring to develop disclosure requirements for subsidiaries that are SMEs, and that this is demonstrated in appendices 1–5.

Questions for the Board

34. The difference between approach 1 and approach 2 is whether we consider new disclosures added to IFRS Standards since the relevant Section in the current *IFRS for SMEs* Standard was developed. The staff believes that whichever approach is applied,

the project objective of utilising the disclosure requirements of the *IFRS for SMEs* Standard with only minimal tailoring would be met.

Questions for the Board
1. Does the Board have any questions on the research reported in this paper? 2. Does the Board have a preference for approach 1 or approach 2 for tailoring the disclosure requirements of the *IFRS for SMEs* Standard for subsidiaries that are SMEs?

Appendix 1

Staff demonstration of example adaptations to the *IFRS for SMEs* Standard applying approach 1

		Comments
IFRS 8 *Operating Segments*		
1~~3.25~~	If an entity that is not required to apply IFRS 8 *Operating Segments* chooses to disclose information about segments that does not comply with IFRS 8, it shall not describe the information as segment information. ~~This Standard does not address presentation of segment information, earnings per share, or interim financial reports by a small or medium-sized entity.~~ An entity choosing to disclose information about segments ~~making such disclosures~~ shall describe the basis for preparing and presenting the information.	Para 3.25 of the *IFRS for SMEs* Standard is the only para containing a reference to disclosures about segments. Para 3.25 adapted and para 3 of IFRS 8 added (as the first sentence) for completeness.
IFRS 16 *Leases*		
LESSEES		
2~~20.13~~	A lessee shall make the following disclosures for ~~finance~~ its leases other than its short-term leases and leases for which the underlying asset is of low value accounted for applying paragraph 6 of IFRS 16 *Leases*: (a) for each class of underlying asset, the net carrying amount of right-of-use assets at the end of the reporting period, the depreciation charge for right-of-use assets for the reporting period, and additions to right-of-use assets during the reporting period; (b) the total of ~~future minimum~~ lease payments at the end of the reporting period for leases that have commenced by the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (c) annual lease payments for leases not yet commenced to which the lessee is committed; (d~~c~~) a general description of the lessee's significant leasing arrangements including, for example, information about ~~contingent rent~~variable lease payments, renewal or purchase	Section 20's finance lease disclosures adapted for leases other than those accounted for applying paragraph 6 of IFRS 16 *Leases*. Mainly terminology changes. Words added to end of sub-para (a) (re depreciation and additions) instead of being dealt with in para 3

	options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	(equivalent of para 20.14) below. Sub-para (c) added because it's a new disclosure (from IFRS 16 para 59(b)(iv)) not in IAS 17 and is supported by BC157(a) (info about obligations, commitments or contingencies).
3~~20.14~~	In addition, a lessee should give the ~~requirements for~~ disclosures ~~about assets in accordance with Sections~~required by: (a) paragraphs 17.33(a), 17.33(b), 17.33(d) and 17.33(e), ~~18, 27 and 34 apply to lessees~~ for its right-of-use assets measured applying the revaluation model in accordance with paragraph 35 of IFRS 16; ~~leased under finance leases~~ and ~~(a)~~(b) paragraph 16 for its right-of-use assets measured after the commencement date applying the cost model.	Two disclosures relocated from para 3 (20.14) to para 2(a) (20.13(a)); these are additions and depreciation charge (& are 17.31(e)(i), 18.27(e)(i), 17.31(e)(vii) & 18.27(e)(iv). The para 20.14 disclosures are more extensive than those required by IFRS 16. So the disclosures have been reduced. The disclosures required by Section 34 are not required because biological assets held by a lessee are outside the scope of IFRS 16. OUTSTANDING: the refs to 17.33 will be replaced by refs to paras in this standard once PPE has been added.

~~4~~20.16	A lessee shall ~~make the following~~ disclos~~ur~~es ~~for operating leases:~~ ~~(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:~~ ~~(i) not later than one year;~~ ~~(ii) later than one year and not later than five years; and~~ ~~(iii) later than five years.~~ ~~(b)~~ for short-term leases and, separately, for other leases for which the underlying asset is of low value, the lease payments recognised as an expense applying paragraph 6 of IFRS 16 during the reporting period~~; and~~ ~~(c) a general description of the lessee's significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements~~. The expense disclosed for short-term leases need not include that for leases with a lease term of one month or less.	Section 20's operating lease disclosures adapted for leases accounted for applying paragraph 6 of IFRS 16 *Leases*. Sub para (a) deleted and replaced with para 5 below. If not, might undo the benefit of the exemption (IFRS 16 BC88 and BC98). Sub para (c) deleted for the same reason. Sub para (b) disclosure changed so given for short-term leases and, separately, for leases of low value assets, otherwise the para 55 equivalent disclosure will be meaningless.
5	A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 of IFRS 16 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 4 relates.	Para 55 of IFRS 16. Less burdensome than para 20.16(a).
LESSORS		
Finance leases		
~~20.23~~6	A lessor shall make the following disclosures for finance leases: (a) a reconciliation between the gross investment in the lease at the end of the reporting period and the present value of ~~minimum~~ the lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of ~~minimum~~ the	Terminology changes. The maturity analysis in (a) was in IAS 17. IFRS 16

	lease payments receivable at the end of the reporting period, for ~~each of~~ the following periods: ~~(i) not later than one year;~~ (i~~i~~) ~~later than one year and not later than~~ each of the first five years; and (ii~~i~~) later than five years. (b) unearned finance income. (c) the unguaranteed residual values accruing to the benefit of the lessor. (d) the ~~accumulated~~loss allowance for uncollectable ~~minimum~~ lease payments receivable. (e) ~~contingent rents recognised as~~ income recognised in the period relating to variable lease payments not included in the measurement of the net investment in the lease. (f) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments~~contingent rent~~, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	(para 94) introduced a new analysis. Para BC157(a) (information about short-term cash flows) supports replacing 20.23(a)(i) & (ii) with 'each of the first five years'.
Operating leases		
~~20.30~~7	A lessor shall disclose the following for operating leases: (a) the future ~~minimum~~ lease payments under non-cancellable operating leases for ~~each of~~ the following periods: ~~(i) not later than one year;~~ (i~~i~~) ~~later than one year and not later than~~each of the first five years; and (ii~~i~~) later than five years. (b) ~~total contingent rents recognised as~~ income recognised in the period relating to variable lease payments that do not depend on an index or a rate; and (c) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments~~contingent rent~~, renewal or purchase options and escalation clauses and restrictions imposed by lease arrangements.	Terminology changes. The maturity analysis in (a) was in IAS 17. IFRS 16 (para 97) introduced a new analysis. Para BC157(a) (information about short-term cash flows) supports replacing 20.30(a)(i) & (ii) with 'each of the first five years'.
~~20.31~~8	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18~~,~~ and 27 ~~and 34~~ apply to lessors for assets provided under operating leases.	The disclosures required by Section 34 are not required because biological assets held by a lessee are outside the scope of IFRS 16. OUTSTANDING: the refs to the sections will be replaced by refs to

		paras in this standard once all have been added.
SALE AND LEASEBACK TRANSACTIONS: lessees and lessors		
~~20.35~~9	Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.	
IAS 10 *Events after the Reporting Period*		
Date of authorisation for issue		
~~32.9~~10	An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.	
Updating disclosure about conditions at the end of the reporting period		
11	If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.	Relocated. This is from IAS 10 para 19 and it was added because the equivalent is in para 32.4 of the *IFRS for SMEs* Standard.
Non-adjusting events after the end of the reporting period		
~~32.10~~12	An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period: (a) the nature of the event; and (b) an estimate of its financial effect or a statement that such an estimate cannot be made.	
~~32.11~~3	The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue: (a) a major business combination or disposal of a major subsidiary; (b) announcement of a plan to discontinue an operation; (c) major purchases of assets, classification of assets as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, other disposals ~~or plans to dispose~~ of assets, or expropriation of major assets by government; (d) the destruction of a major production plant by a fire; (e) announcement, or commencement of the implementation, of a major restructuring; (f) issues or repurchases of an entity's debt or equity instruments; (g) abnormally large changes in asset prices or foreign exchange rates;	The *IFRS for SMEs* Standard does not require separate classification of assets as held for sale. Therefore amend subpara (c) to reflect IFRS 5.

	(h) changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities; (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and (j) commencement of major litigation arising solely out of events that occurred after the end of the reporting period.	
IAS 36 *Impairment of Assets*		
~~27.32~~14	An entity shall disclose the following for each class of assets indicated in paragraph 15~~27.33~~: (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (~~and~~or in the ~~income~~ statement of profit or loss, if presented) in which those impairment losses are included; and (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (~~and~~or in the ~~income~~ statement of profit or loss, if presented) in which those impairment losses are reversed.	Terminology changes.
~~27.33~~15	An entity shall disclose the information required by paragraph 14~~27.32~~ for each of the following classes of asset: (a) ~~inventories;~~ ~~(b)~~ property, plant and equipment; (b) ~~(including~~ investment property accounted for by the cost method~~)~~; (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in joint ventures.	Revised because: • Inventories are outside the scope of IAS 36; and • There is an R&M difference in accounting for investment property so its disclosure should be separate from PPE.
16	If, in accordance with paragraph 84 of IAS 36 *Impairment of Assets*, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the end of the reporting period, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.	IAS 36 para 133. This follows from an R&M difference. Para BC157(c) supports this (measurement uncertainty) because applying IAS 38 there is no testing in the first year when otherwise there would be testing.
IAS 38 *Intangible Assets*		

17~~18.27~~	An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets: (a) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used; (b) the amortisation methods used for intangible assets with finite useful lives; (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; (d) the line item(s) in the statement of profit or loss and other comprehensive income (~~and~~ or in the ~~income~~ statement of profit or loss, if presented) in which any amortisation of intangible assets is included; and (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions, indicating separately those from internal development; (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals; (iii) acquisitions through business combinations; (iv) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 of IAS 38 and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36 (if any); (~~i~~v) amortisation; (vi) impairment losses; and (vii) other changes. This reconciliation need not be presented for prior periods.	Mainly changes from R&M differences. Para BC157(e) (disaggregation) supports the first change (distinguishing internally generated & others) and the change to (e)(i).
18~~18.28~~	An entity shall also disclose: (a) for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life, including the factor(s) that played a significant role in determining that the asset has an indefinite useful life; (b~~a~~) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements; (c~~b~~) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph ~~18.12~~44 of IAS 38 *Intangible Assets*): (i) the fair value initially recognised for these assets; and (ii) their carrying amounts. (d~~c~~) the existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities; and (e~~d~~) the amount of contractual commitments for the acquisition of intangible assets.	Subpara (a) results from an R&M difference. An SME applying the *IFRS for SMEs* Standard cannot assign an indefinite life to an intangible asset. Para BC157(c) (measurement uncertainties) supports adding (a).

19	If intangible assets are accounted for at revalued amounts, an entity shall disclose the following: (a) by class of intangible assets: (i) the effective date of the revaluation; (ii) the carrying amount of revalued intangible assets; and (iii) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74 of IAS 38; and (b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.	This is para 124 of IAS 38. It` results from an R&M difference; applying the *IFRS for SMEs* standard, intangibles cannot be revalued. Para 124 of IAS 38 is different to para 77 of IAS 16, so para 124 added (rather than adding something similar to para 17.33).
20~~18.29~~	An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period ~~(ie the amount of expenditure incurred internally on research and development that has not been capitalised as part of the cost of another asset that meets the recognition criteria in this Standard)~~.	Deleted because not a disclosure requirement.

NB – the following two disclosures could be added to the IFRS 16 disclosure requirements, for the reasons explained in the comment boxes. However, the staff currently intend to recommend that entities, as part of the cash flow statement disclosures, disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. If so, there is no need to require the following two disclosures as part of the leasing disclosures which is why they have been omitted from the table above.

1	A lessee shall disclose the total cash outflow for leases during the reporting period.	Para 53(g) of IFRS 16. Not in IAS 17 and is supported by BC157(a) (info about obligations, commitments or contingencies).
2	A lessee shall disclose the cash flow effect of sale and leaseback transactions in the reporting period.	IFRS 16 para B52(d). This is a new disclosure requirement that was not in IAS 17. Para BC157(a) (information about short-term cash flows)

		supports requiring (d).

Appendix 2

Staff demonstration of example adaptations to the *IFRS for SMEs* Standard applying approach 2

		Comments
IFRS 8 *Operating Segments*		
1~~3.25~~	If an entity that is not required to apply IFRS 8 *Operating Segments* chooses to disclose information about segments that does not comply with IFRS 8, it shall not describe the information as segment information. ~~This Standard does not address presentation of segment information, earnings per share, or interim financial reports by a small or medium-sized entity.~~ An entity choosing to disclose information about segments ~~making such disclosures~~ shall describe the basis for preparing and presenting the information.	Para 3.25 of the *IFRS for SMEs* Standard is the only para containing a reference to disclosures about segments. Para 3.25 adapted and para 3 of IFRS 8 added (as the first sentence) for completeness.
IFRS 16 *Leases*		
LESSEES		
2~~20.13~~	A lessee shall make the following disclosures for ~~finance~~ its leases other than its short-term leases and leases for which the underlying asset is of low value accounted for applying paragraph 6 of IFRS 16 *Leases*: (a) for each class of underlying asset, the net carrying amount of right-of-use assets at the end of the reporting period; (b) the total of ~~future minimum~~ lease payments at the end of the reporting period for leases that have commenced by the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (c) a general description of the lessee's significant leasing arrangements including, for example, information about ~~contingent rent~~variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	Section 20's finance lease disclosures adapted for leases other than those accounted for applying paragraph 6 of IFRS 16 *Leases*. Mainly terminology changes.
3~~20.14~~	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18~~,~~ and 27 ~~and 34~~ apply to a lessee's ~~for~~ right-of-use assets ~~leased under finance leases~~.	The disclosures required by Section 34 are not required because

		biological assets held by a lessee are outside the scope of IFRS 16. Have retained the intangible assets disclosure because IFRS 16 permits some intangibles to be within its scope. OUTSTANDING: the refs to Sections 17, 18 & 27 will be replaced by refs to paras in this Standard.
4~~20.16~~	A lessee shall ~~make the following~~ disclos~~ur~~e~~s~~ ~~for operating leases:~~ ~~(a) the total of future minimum lease payments under non-cancellable operating leases for each of the following periods:~~ ~~(i) not later than one year;~~ ~~(ii) later than one year and not later than five years; and~~ ~~(iii) later than five years.~~ ~~(b)~~ for short-term leases and, separately, for other leases for which the underlying asset is of low value, the lease payments recognised as an expense applying paragraph 6 of IFRS 16 during the reporting period~~; and~~ ~~(c) a general description of the lessee's significant leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements~~. The expense disclosed for short-term leases need not include that for leases with a lease term of one month or less.	Section 20's operating lease disclosures adapted for leases accounted for applying paragraph 6 of IFRS 16 *Leases*. Sub para (a) deleted and replaced with para 5 below. If not, might undo the benefit of the exemption (IFRS 16 BC88 and BC98). Sub para (c) deleted for the same reason. Sub para (b) disclosure changed so given for short-term leases and, separately, for leases of low value assets, otherwise the para 55

		equivalent disclosure will be meaningless.
5	A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 of IFRS 16 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 4 relates.	Para 55 of IFRS 16. Less burdensome than para 20.16(a).
LESSORS		
Finance leases		
~~20.23~~6	A lessor shall make the following disclosures for finance leases: (a) a reconciliation between the gross investment in the lease at the end of the reporting period and the present value of ~~minimum~~ the lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of ~~minimum~~ the lease payments receivable at the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (b) unearned finance income. (c) the unguaranteed residual values accruing to the benefit of the lessor. (d) the ~~accumulated~~loss allowance for uncollectable ~~minimum~~ lease payments receivable. (e) ~~contingent rents recognised as~~ income recognised in the period relating to variable lease payments not included in the measurement of the net investment in the lease. (f) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments~~contingent rent~~, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	Terminology changes.
Operating leases		
~~20.30~~7	A lessor shall disclose the following for operating leases: (a) the future ~~minimum~~ lease payments under non-cancellable operating leases for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (b) ~~total contingent rents recognised as~~ income recognised in the period relating to variable lease payments that do not depend on an index or a rate; and (c) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments~~contingent rent~~, renewal or purchase	Terminology changes.

	options and escalation clauses and restrictions imposed by lease arrangements.	
~~20.31~~8	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18~~,~~ and 27 ~~and 34~~ apply to lessors for assets provided under operating leases.	The disclosures required by Section 34 are not required because biological assets held by a lessee are outside the scope of IFRS 16. OUTSTANDING: the refs to the sections will be replaced by refs to paras in this standard once all have been added.
SALE AND LEASEBACK TRANSACTIONS: lessees and lessors		
~~20.35~~9	Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.	
IAS 10 *Events after the Reporting Period*		
Date of authorisation for issue		
~~32.9~~10	An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.	
Updating disclosure about conditions at the end of the reporting period		
11	If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.	Relocated. This is from IAS 10 para 19 and it was added because the equivalent is in para 32.4 of the *IFRS for SMEs* Standard.
Non-adjusting events after the end of the reporting period		
~~32.10~~12	An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period: (a) the nature of the event; and (b) an estimate of its financial effect or a statement that such an estimate cannot be made.	
~~32.11~~13	The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue:	The *IFRS for SMEs* Standard does not require separate classification of assets as held for

	(a) a major business combination or disposal of a major subsidiary; (b) announcement of a plan to discontinue an operation; (c) major purchases of assets, classification of assets as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, other disposals ~~or plans to dispose~~ of assets, or expropriation of major assets by government; (d) the destruction of a major production plant by a fire; (e) announcement, or commencement of the implementation, of a major restructuring; (f) issues or repurchases of an entity's debt or equity instruments; (g) abnormally large changes in asset prices or foreign exchange rates; (h) changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities; (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and (j) commencement of major litigation arising solely out of events that occurred after the end of the reporting period.	sale. Therefore amend subpara (c) to reflect IFRS 5.
IAS 36 *Impairment of Assets*		
~~27.32~~14	An entity shall disclose the following for each class of assets indicated in paragraph 15~~27.33~~: (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (~~and~~or in the ~~income~~ statement of profit or loss, if presented) in which those impairment losses are included; and (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (~~and~~or in the ~~income~~ statement of profit or loss, if presented) in which those impairment losses are reversed.	Terminology changes.
~~27.33~~15	An entity shall disclose the information required by paragraph 14~~27.32~~ for each of the following classes of asset: (a) ~~inventories;~~ ~~(b)~~ property, plant and equipment; (b) ~~(including~~ investment property accounted for by the cost method~~)~~; (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in joint ventures.	Revised because: • Inventories are outside the scope of IAS 36; and • There is an R&M difference in accounting for investment property so its disclosure should be separate from PPE.

16	If, in accordance with paragraph 84 of IAS 36 *Impairment of Assets*, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the end of the reporting period, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.	IAS 36 para 133. This follows from an R&M difference. Para BC157(c) supports this (measurement uncertainty) because applying IAS 38 there is no testing in the first year when otherwise there would be testing.
IAS 38 *Intangible Assets*		
17~~18.27~~	An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets: (a) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used; (b) the amortisation methods used for intangible assets with finite useful lives; (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; (d) the line item(s) in the statement of profit or loss and other comprehensive income (~~and~~ or in the ~~income~~ statement of profit or loss, if presented) in which any amortisation of intangible assets is included; and (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions, indicating separately those from internal development; (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals; (iii) acquisitions through business combinations; (iv) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 of IAS 38 and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36 (if any); (~~i~~v) amortisation; (vi) impairment losses; and (vii) other changes. This reconciliation need not be presented for prior periods.	Mainly changes from R&M differences. Para BC157(e) (disaggregation) supports the first change (distinguishing internally generated & others) and the change to (e)(i).
18~~18.28~~	An entity shall also disclose: (a) for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life,	Subpara (a) results from an R&M difference.

	including the factor(s) that played a significant role in determining that the asset has an indefinite useful life; (b~~a~~) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements; (c~~b~~) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph ~~18.12~~44 of IAS 38 *Intangible Assets*): (i) the fair value initially recognised for these assets; and (ii) their carrying amounts. (d~~c~~) the existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities; and (e~~d~~) the amount of contractual commitments for the acquisition of intangible assets.	An SME applying the *IFRS for SMEs* Standard cannot assign an indefinite life to an intangible asset. Para BC157(c) (measurement uncertainties) supports adding (a).
19	If intangible assets are accounted for at revalued amounts, an entity shall disclose the following: (a) by class of intangible assets: (i) the effective date of the revaluation; (ii) the carrying amount of revalued intangible assets; and (iii) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74 of IAS 38; and (b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.	This is para 124 of IAS 38. It` results from an R&M difference; applying the *IFRS for SMEs* standard, intangibles cannot be revalued. Para 124 of IAS 38 is different to para 77 of IAS 16, so para 124 added (rather than adding something similar to para 17.33).
20~~18.29~~	An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period ~~(ie the amount of expenditure incurred internally on research and development that has not been capitalised as part of the cost of another asset that meets the recognition criteria in this Standard)~~.	Deleted because not a disclosure requirement.

Appendix 3

Example disclosure requirements from appendix 1 (approach 1) adapted to become appendix 2 (approach 2)

		Comments
IFRS 8 *Operating Segments*		
1	If an entity that is not required to apply IFRS 8 *Operating Segments* chooses to disclose information about segments that does not comply with IFRS 8, it shall not describe the information as segment information. An entity choosing to disclose information about segments shall describe the basis for preparing and presenting the information.	
IFRS 16 *Leases*		
LESSEES		
2	A lessee shall make the following disclosures for its leases other than its short-term leases and leases for which the underlying asset is of low value accounted for applying paragraph 6 of IFRS 16 *Leases*: (a) for each class of underlying asset, the net carrying amount of right-of-use assets at the end of the reporting period~~, the depreciation charge for right-of-use assets for the reporting period, and additions to right-of-use assets during the reporting period~~; (b) the total of lease payments at the end of the reporting period for leases that have commenced by the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. ~~(c) annual lease payments for leases not yet commenced to which the lessee is committed;~~ (~~d~~c) a general description of the lessee's significant leasing arrangements including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	Words in sub-para (a) deleted because now dealt with in para 3 (equivalent of para 20.14) below. Sub-para (c) deleted because although it is a new disclosure (from IFRS 16 para 59(b)(iv)) that was not in IAS 17, it is not as a result of an R&M difference.
3	In addition~~, a lessee should give~~ the requirements for disclosure~~s~~ about assets in accordance with Sections 17, 18 and 27 apply to a lessee's ~~required by:~~ ~~paragraphs 17.33(a), 17.33(b), 17.33(d) and 17.33(e), for its~~ right-of-use assets ~~measured applying the revaluation model in accordance with paragraph 35 of IFRS 16; and~~	Although IFRS 16 requires fewer disclosures than Section 20, with the exception of biological assets held by a lessee,

	~~paragraph 16 for its right-of-use assets measured after the commencement date applying the cost model~~.	this is not because of an R&M difference. So revert to 20.14 but with references to section 34 deleted.
4	A lessee shall disclose for short-term leases and, separately, for other leases for which the underlying asset is of low value, the lease payments recognised as an expense applying paragraph 6 of IFRS 16 during the reporting period. The expense disclosed for short-term leases need not include that for leases with a lease term of one month or less.	
5	A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 of IFRS 16 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 4 relates.	
LESSORS		
Finance leases		
6	A lessor shall make the following disclosures for finance leases: (a) a reconciliation between the gross investment in the lease at the end of the reporting period and the present value of the lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of the lease payments receivable at the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) ~~each of the first~~ later than one year and not later than five years; and (ii) later than five years. (b) unearned finance income. (c) the unguaranteed residual values accruing to the benefit of the lessor. (d) the loss allowance for uncollectable lease payments receivable. (e) income recognised in the period relating to variable lease payments not included in the measurement of the net investment in the lease. (f) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.	Reverted to the maturity analysis in para 20.23 because, although IFRS 16 (para 94) introduced a new analysis, it was not because of an R&M difference.
Operating leases		
7	A lessor shall disclose the following for operating leases: (a) the future lease payments under non-cancellable operating leases for each of the following periods: (i) not later than one year;	Reverted to the maturity analysis in para 20.30 because, although IFRS 16 (para 97)

	(ii) ~~each of the first~~later than one year and not later than five years; and (ii) later than five years. (b) income recognised in the period relating to variable lease payments that do not depend on an index or a rate; and (c) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses and restrictions imposed by lease arrangements.	introduced a new analysis, it was not because of an R&M difference.
8	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18 and 27 apply to lessors for assets provided under operating leases.	OUTSTANDING: the refs to the sections will be replaced by refs to paras in this standard once all have been added.
SALE AND LEASEBACK TRANSACTIONS: lessees and lessors		
9	Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.	
IAS 10 *Events after the Reporting Period*		
Date of authorisation for issue		
10	An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.	
Updating disclosure about conditions at the end of the reporting period		
11	If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.	
Non-adjusting events after the end of the reporting period		
12	An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period: (a) the nature of the event; and (b) an estimate of its financial effect or a statement that such an estimate cannot be made.	
13	The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue: (a) a major business combination or disposal of a major subsidiary; (b) announcement of a plan to discontinue an operation; (c) major purchases of assets, classification of assets as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and*	

	Discontinued Operations, other disposals of assets, or expropriation of major assets by government; (d) the destruction of a major production plant by a fire; (e) announcement, or commencement of the implementation, of a major restructuring; (f) issues or repurchases of an entity's debt or equity instruments; (g) abnormally large changes in asset prices or foreign exchange rates; (h) changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities; (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and (j) commencement of major litigation arising solely out of events that occurred after the end of the reporting period.	
IAS 36 *Impairment of Assets*		
14	An entity shall disclose the following for each class of assets indicated in paragraph 15: (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which those impairment losses are included; and (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which those impairment losses are reversed.	
15	An entity shall disclose the information required by paragraph 14 for each of the following classes of asset: (a) property, plant and equipment; (b) investment property accounted for by the cost method; (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in joint ventures.	
16	If, in accordance with paragraph 84 of IAS 36 *Impairment of Assets*, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the end of the reporting period, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.	
IAS 38 *Intangible Assets*		
17	An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets: (a) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used;	

	(b) the amortisation methods used for intangible assets with finite useful lives; (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; (d) the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which any amortisation of intangible assets is included; and (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions, indicating separately those from internal development; (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals; (iii) acquisitions through business combinations; (iv) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 of IAS 38 and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36 (if any); (v) amortisation; (vi) impairment losses; and (vii) other changes. This reconciliation need not be presented for prior periods.	
18	An entity shall also disclose: (a) for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life, including the factor(s) that played a significant role in determining that the asset has an indefinite useful life; (b) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements; (c) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44 of IAS 38 *Intangible Assets*): (i) the fair value initially recognised for these assets; and (ii) their carrying amounts. (d) the existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities; and (e) the amount of contractual commitments for the acquisition of intangible assets.	
19	If intangible assets are accounted for at revalued amounts, an entity shall disclose the following: (a) by class of intangible assets: (i) the effective date of the revaluation; (ii) the carrying amount of revalued intangible assets; and	

	(iii) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74 of IAS 38; and (b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.	
20	An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period.	

NB – the following two disclosures could be added to the IFRS 16 disclosure requirements applying approach 1, for the reasons explained in the comment boxes. However, the staff currently intend to recommend that entities, as part of the cash flow statement disclosures, disclose a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities and so the two disclosures have been omitted from the table above.

1	~~A lessee shall disclose the total cash outflow for leases during the reporting period.~~	This para would not be included applying approach 2 because although it is a new disclosure (from IFRS 16 para 53(g)) that was not in IAS 17, it is not as a result of an R&M difference.
2	~~A lessee shall disclose the cash flow effect of sale and leaseback transactions in the reporting period.~~	This para would not be included applying approach 2 because although this disclosure is new (from IFRS 16 para B52(d)), it is not from an R&M difference.

Appendix 4

Staff demonstration of example disclosure requirements applying approach 1 (ie appendix 1 with changes accepted)

1	If an entity that is not required to apply IFRS 8 *Operating Segments* chooses to disclose information about segments that does not comply with IFRS 8, it shall not describe the information as segment information. An entity choosing to disclose information about segments shall describe the basis for preparing and presenting the information.
2	A lessee shall make the following disclosures for its leases other than its short-term leases and leases for which the underlying asset is of low value accounted for applying paragraph 6 of IFRS 16 *Leases*: (a) for each class of underlying asset, the net carrying amount of right-of-use assets at the end of the reporting period, the depreciation charge for right-of-use assets for the reporting period, and additions to right-of-use assets during the reporting period; (b) the total of lease payments at the end of the reporting period for leases that have commenced by the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (c) annual lease payments for leases not yet commenced to which the lessee is committed; (d) a general description of the lessee's significant leasing arrangements including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.
3	In addition, a lessee should give the disclosures required by: (a) paragraphs 17.33(a), 17.33(b), 17.33(d) and 17.33(e), for its right-of-use assets measured applying the revaluation model in accordance with paragraph 35 of IFRS 16; and (b) paragraph 16 for its right-of-use assets measured after the commencement date applying the cost model. [OUTSTANDING: the refs to 17.33 will be replaced by refs to paras in this standard once PPE has been added]
4	A lessee shall disclose for short-term leases and, separately, for other leases for which the underlying asset is of low value, the lease payments recognised as an expense applying paragraph 6 of IFRS 16 during the reporting period. The expense disclosed for short-term leases need not include that for leases with a lease term of one month or less.
5	A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 of IFRS 16 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 4 relates.

6	A lessor shall make the following disclosures for finance leases: (a) a reconciliation between the gross investment in the lease at the end of the reporting period and the present value of the lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of the lease payments receivable at the end of the reporting period, for the following periods: (i) each of the first five years; and (ii) later than five years. (b) unearned finance income. (c) the unguaranteed residual values accruing to the benefit of the lessor. (d) the loss allowance for uncollectable lease payments receivable. (e) income recognised in the period relating to variable lease payments not included in the measurement of the net investment in the lease. (f) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.
7	A lessor shall disclose the following for operating leases: (a) the future lease payments under non-cancellable operating leases for the following periods: (i) each of the first five years; and (ii) later than five years. (b) income recognised in the period relating to variable lease payments that do not depend on an index or a rate; and (c) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses and restrictions imposed by lease arrangements.
8	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18 and 27 apply to lessors for assets provided under operating leases. [OUTSTANDING: the refs to the sections will be replaced by refs to paras in this standard once all have been added]
9	Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.
Date of authorisation for issue	
10	An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.
11	If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.
12	An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period: (a) the nature of the event; and (b) an estimate of its financial effect or a statement that such an estimate cannot be made.
13	The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information

	that becomes known after the end of the reporting period but before the financial statements are authorised for issue: (a) a major business combination or disposal of a major subsidiary; (b) announcement of a plan to discontinue an operation; (c) major purchases of assets, classification of assets as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, other disposals of assets, or expropriation of major assets by government; (d) the destruction of a major production plant by a fire; (e) announcement, or commencement of the implementation, of a major restructuring; (f) issues or repurchases of an entity's debt or equity instruments; (g) abnormally large changes in asset prices or foreign exchange rates; (h) changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities; (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and (j) commencement of major litigation arising solely out of events that occurred after the end of the reporting period.
14	An entity shall disclose the following for each class of assets indicated in paragraph 15: (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which those impairment losses are included; and (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which those impairment losses are reversed.
15	An entity shall disclose the information required by paragraph 14 for each of the following classes of asset: (a) property, plant and equipment; (b) investment property accounted for by the cost method; (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in joint ventures.
16	If, in accordance with paragraph 84 of IAS 36 *Impairment of Assets*, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the end of the reporting period, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.
17	An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets: (a) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used; (b) the amortisation methods used for intangible assets with finite useful lives; (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; (d) the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which any amortisation of intangible assets is included; and

	(e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions, indicating separately those from internal development; (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals; (iii) acquisitions through business combinations; (iv) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 of IAS 38 and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36 (if any); (v) amortisation; (vi) impairment losses; and (vii) other changes. This reconciliation need not be presented for prior periods.
18	An entity shall also disclose: (a) for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life, including the factor(s) that played a significant role in determining that the asset has an indefinite useful life; (b) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements; (c) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44 of IAS 38 *Intangible Assets*): (i) the fair value initially recognised for these assets; and (ii) their carrying amounts. (d) the existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities; and (e) the amount of contractual commitments for the acquisition of intangible assets.
19	If intangible assets are accounted for at revalued amounts, an entity shall disclose the following: (a) by class of intangible assets: (i) the effective date of the revaluation; (ii) the carrying amount of revalued intangible assets; and (iii) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74 of IAS 38; and (b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.
20	An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period.

Appendix 5

Staff demonstration of example disclosure requirements applying approach 2 (ie appendix 2 with changes accepted)

1	If an entity that is not required to apply IFRS 8 *Operating Segments* chooses to disclose information about segments that does not comply with IFRS 8, it shall not describe the information as segment information. An entity choosing to disclose information about segments shall describe the basis for preparing and presenting the information.
2	A lessee shall make the following disclosures for its leases other than its short-term leases and leases for which the underlying asset is of low value accounted for applying paragraph 6 of IFRS 16 *Leases*: (a) for each class of underlying asset, the net carrying amount of right-of-use assets at the end of the reporting period; (b) the total of lease payments at the end of the reporting period for leases that have commenced by the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (c) a general description of the lessee's significant leasing arrangements including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.
3	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18 and 27 apply to a lessee's right-of-use assets. [OUTSTANDING: the refs to Sections 17, 18 & 27 will be replaced by refs to paras in this Standard]
4	A lessee shall disclose for short-term leases and, separately, for other leases for which the underlying asset is of low value, the lease payments recognised as an expense applying paragraph 6 of IFRS 16 during the reporting period. The expense disclosed for short-term leases need not include that for leases with a lease term of one month or less.
5	A lessee shall disclose the amount of its lease commitments for short-term leases accounted for applying paragraph 6 of IFRS 16 if the portfolio of short-term leases to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expense disclosed applying paragraph 4 relates.
6	A lessor shall make the following disclosures for finance leases: (a) a reconciliation between the gross investment in the lease at the end of the reporting period and the present value of the lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of the lease payments receivable at the end of the reporting period, for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and

	(iii) later than five years. (b) unearned finance income. (c) the unguaranteed residual values accruing to the benefit of the lessor. (d) the loss allowance for uncollectable lease payments receivable. (e) income recognised in the period relating to variable lease payments not included in the measurement of the net investment in the lease. (f) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.
7	A lessor shall disclose the following for operating leases: (a) the future lease payments under non-cancellable operating leases for each of the following periods: (i) not later than one year; (ii) later than one year and not later than five years; and (iii) later than five years. (b) income recognised in the period relating to variable lease payments that do not depend on an index or a rate; and (c) a general description of the lessor's significant leasing arrangements, including, for example, information about variable lease payments, renewal or purchase options and escalation clauses and restrictions imposed by lease arrangements.
8	In addition, the requirements for disclosure about assets in accordance with Sections 17, 18 and 27 apply to lessors for assets provided under operating leases. [OUTSTANDING: the refs to the sections will be replaced by refs to paras in this standard once all have been added]
9	Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.
Date of authorisation for issue	
10	An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.
11	If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.
12	An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period: (a) the nature of the event; and (b) an estimate of its financial effect or a statement that such an estimate cannot be made.
13	The following are examples of non-adjusting events after the end of the reporting period that would generally result in disclosure; the disclosures will reflect information that becomes known after the end of the reporting period but before the financial statements are authorised for issue: (a) a major business combination or disposal of a major subsidiary; (b) announcement of a plan to discontinue an operation; (c) major purchases of assets, classification of assets as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, other disposals of assets, or expropriation of major assets by government;

	(d) the destruction of a major production plant by a fire; (e) announcement, or commencement of the implementation, of a major restructuring; (f) issues or repurchases of an entity's debt or equity instruments; (g) abnormally large changes in asset prices or foreign exchange rates; (h) changes in tax rates or tax laws enacted or announced that have a significant effect on current and deferred tax assets and liabilities; (i) entering into significant commitments or contingent liabilities, for example, by issuing significant guarantees; and (j) commencement of major litigation arising solely out of events that occurred after the end of the reporting period.
14	An entity shall disclose the following for each class of assets indicated in paragraph 15: (a) the amount of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which those impairment losses are included; and (b) the amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which those impairment losses are reversed.
15	An entity shall disclose the information required by paragraph 14 for each of the following classes of asset: (a) property, plant and equipment; (b) investment property accounted for by the cost method; (c) goodwill; (d) intangible assets other than goodwill; (e) investments in associates; and (f) investments in joint ventures.
16	If, in accordance with paragraph 84 of IAS 36 *Impairment of Assets*, any portion of the goodwill acquired in a business combination during the period has not been allocated to a cash-generating unit (group of units) at the end of the reporting period, the amount of the unallocated goodwill shall be disclosed together with the reasons why that amount remains unallocated.
17	An entity shall disclose the following for each class of intangible assets, distinguishing between internally generated intangible assets and other intangible assets: (a) whether the useful lives are indefinite or finite and, if finite, the useful lives or the amortisation rates used; (b) the amortisation methods used for intangible assets with finite useful lives; (c) the gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period; (d) the line item(s) in the statement of profit or loss and other comprehensive income (or in the statement of profit or loss, if presented) in which any amortisation of intangible assets is included; and (e) a reconciliation of the carrying amount at the beginning and end of the reporting period showing separately: (i) additions, indicating separately those from internal development; (ii) assets classified as held for sale or included in a disposal group classified as held for sale in accordance with IFRS 5 and other disposals;

	(iii) acquisitions through business combinations; (iv) increases or decreases during the period resulting from revaluations under paragraphs 75, 85 and 86 of IAS 38 and from impairment losses recognised or reversed in other comprehensive income in accordance with IAS 36 (if any); (v) amortisation; (vi) impairment losses; and (vii) other changes. This reconciliation need not be presented for prior periods.
18	An entity shall also disclose: (a) for an intangible asset assessed as having an indefinite useful life, the carrying amount of that asset and the reasons supporting the assessment of an indefinite useful life, including the factor(s) that played a significant role in determining that the asset has an indefinite useful life; (b) a description, the carrying amount and remaining amortisation period of any individual intangible asset that is material to the entity's financial statements; (c) for intangible assets acquired by way of a government grant and initially recognised at fair value (see paragraph 44 of IAS 38 *Intangible Assets*): (i) the fair value initially recognised for these assets; and (ii) their carrying amounts. (d) the existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities; and (e) the amount of contractual commitments for the acquisition of intangible assets.
19	If intangible assets are accounted for at revalued amounts, an entity shall disclose the following: (a) by class of intangible assets: (i) the effective date of the revaluation; (ii) the carrying amount of revalued intangible assets; and (iii) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74 of IAS 38; and (b) the amount of the revaluation surplus that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders.
20	An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period.