



RDR VS SDS

WHAT DOES IT LOOK LIKE? NOT FOR PROFIT ENTITIES

Compiled by Carmen Ridley. Published by CaseWare Australia & New Zealand

[Abstract](#)

An illustrated example of the changes required when applying the Simplified Disclosure standard to an entity that has previously reported with Reduced Disclosure financial statements. Based on a fictional Not-For-Profit entity.

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Reduced disclosure to Simplified Disclosure: What does it look like?

30 June 2021 is the last June reporting period for reduced disclosure (RDR) financial statements. All entities, including Not-for-Profits (NFP) currently preparing RDR financial statements will need to change their reporting framework for annual reporting periods beginning on or after 1 July 2021.

Tier 2 general purpose financial reporting is now specified in AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, however there are a number of changes between RDR and the new simplified disclosure regime at a fundamental level.

- AASB 1060 is a standalone standard which contains all the presentation and disclosure requirements under Tier 2, therefore entities will no longer be required to focus on shaded sentences in the AAS standards to identify their required disclosures.
- AASB 1060 was developed using IFRS for SME as a base standard and therefore the number of disclosures is lower, where RDR was developed using a top down approach to reduce the full IFRS disclosures.
- AASB 1060 is structured into sections which contain all the relevant requirements for a particular topic.

The purpose of this paper is to provide a comparison using **Caseware ACNC Company**¹ sample entity to show the differences at a financial statement note level between RDR and Simplified Disclosure Standard to allow NFP entities who previously prepared RDR financial statements to understand the different disclosure requirements for the Simplified Disclosure (SD) financial statements.

For the purposes of illustration, consider that **Caseware ACNC Company** is a not-for-profit entity registered with the ACNC.

The changes relate to accounting standards only and therefore there will no impact on Responsible Persons Declaration, Auditors Independence Declaration and other statements which are not covered by accounting standards from the move to SD financial statements except that the financial reporting framework should refer to Australian Accounting Standards – Simplified Disclosures.

¹ NB: Fictional entity

Statement of profit or loss and other comprehensive income – RDR / Statement of Income and Retained Earnings - SDS

RDR financial statements			Changes	Simplified Disclosure statements		
	\$	\$			\$	\$
Revenue	6,557,290	6,547,960		Revenue	6,557,290	6,547,960
Finance income	2,924	3,015		Finance income - interest	2,924	3,015
Other income	50,155	110,587		Other income	50,155	110,587
Employee benefits expense	(3,766,798)	(3,872,963)		Employee benefits expense	(3,766,798)	(3,872,963)
Depreciation and amortisation expense	(222,882)	(222,378)		Depreciation and amortisation expense	(222,882)	(222,378)
Program costs	(1,498,056)	(1,474,034)		Program costs	(1,498,056)	(1,474,034)
Administrative expenses	(798,056)	(828,184)		Administration expenses	(798,056)	(828,184)
Finance expenses	(48,319)	(58,956)		Finance expenses - interest	(48,319)	(58,956)
Other expenses	(53,370)	(52,423)		Other expenses	(53,370)	(52,423)
Profit for the year	222,888	152,624		Profit for the year	222,888	152,624
Total comprehensive income for the year	222,888	152,624		Retained earnings		
			Due to the limited movements in equity, a Statement of Income and Retained Earnings has been presented under SDS rather than a Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity	Retained earnings at the start of the year	1,070,307	917,683
				Retained earnings at the end of the year	1,293,195	1,070,307

Refer to Note (i) under Statement of Changes of Equity.

Statement of financial position

RDR financial statements			Changes	Simplified Disclosure statements		
	\$	\$			\$	\$
ASSETS				ASSETS		
CURRENT ASSETS				CURRENT ASSETS		
Cash and cash equivalents	239,565	234,125		Cash and cash equivalents	239,565	234,125
Trade and other receivables	444,300	466,667		Trade and other receivables	444,300	466,667
Other assets	105,723	163,899		Other assets	105,723	163,899
TOTAL CURRENT ASSETS	789,588	864,691		TOTAL CURRENT ASSETS	789,588	864,691
NON-CURRENT ASSETS				NON-CURRENT ASSETS		
Property, plant and equipment	1,206,525	900,060		Property, plant and equipment	1,206,525	900,060
Right-of-use assets	598,964	673,834		Right-of-use assets	598,964	673,834
TOTAL NON-CURRENT ASSETS	1,805,489	1,573,894		TOTAL NON-CURRENT ASSETS	1,805,489	1,573,894
TOTAL ASSETS	2,595,077	2,438,585	No changes	TOTAL ASSETS	2,595,077	2,438,585
LIABILITIES				LIABILITIES		
CURRENT LIABILITIES				CURRENT LIABILITIES		
Trade and other payables	151,225	144,710		Trade and other payables	151,225	144,710
Borrowings	102,545	128,225		Borrowings	102,545	128,225
Contract liabilities	30,255	22,294		Contract liabilities	30,255	22,294
Lease liabilities	56,293	50,483		Lease liabilities	56,293	50,483
Employee benefits	295,200	307,881		Employee benefits	295,200	307,881
TOTAL CURRENT LIABILITIES	635,518	653,593		TOTAL CURRENT LIABILITIES	635,518	653,593
NON-CURRENT LIABILITIES				NON-CURRENT LIABILITIES		
Lease liabilities	596,844	653,127		Lease liabilities	596,844	653,127
Employee benefits	69,520	61,558		Employee benefits	69,520	61,558
TOTAL NON-CURRENT LIABILITIES	666,364	714,685		TOTAL NON-CURRENT LIABILITIES	666,364	714,685
TOTAL LIABILITIES	1,301,882	1,368,278		TOTAL LIABILITIES	1,301,882	1,368,278
NET ASSETS	1,293,195	1,070,307		NET ASSETS	1,293,195	1,070,307

Statement of changes in equity

RDR financial statements			Changes	Simplified Disclosure statements
Current year				
	Retained Earnings \$	Total \$		
Balance at 1 July 202X	1,070,307	1,070,307		
Result for the year	222,888	222,888		
Balance at 30 June 202Y	1,293,195	1,293,195	No changes unless entity has limited movements in equity – refer note (i)	No corresponding statement – refer note (i) below.
Prior year				
Balance at 1 July 202Y	917,683	917,683		
Result for the year	152,624	152,624		
Balance at 30 June 202Z	1,070,307	1,070,307		

Note (i)

Under AASB 1060.26 an entity has the option not to prepare a statement of changes in equity, if the only changes to an entity's equity balance during the period are:

- Results for the year (profit or loss)
- Payment of dividends
- Corrections of prior period errors and
- Changes in accounting policy

In this case, the entity prepares a Statement of Income and Retained Earnings which comprises of the statement of profit or loss and other comprehensive (up to and including the profit for the year line) plus the following line items (where applicable):

- Retained earnings at the beginning of the reporting period
- Dividends declared and paid or payable during the period
- Restatements of retained earnings for correction of prior period errors
- Restatements of retained earnings for changes in accounting policy and
- Retained earnings at the end of the reporting period.

If the entity has any other changes to equity during the period, the Statement of Profit or Loss and Other Comprehensive Income and Statement of Changes in Equity are presented.

Statement of cash flows

RDR financial statements			Changes	Simplified Disclosure statements		
	\$	\$			\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:				CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts in the course of operations	6,682,470	6,582,501		Cash receipts in the course of operations	6,682,470	6,582,501
Cash payments in the course of operations	(6,101,005)	(6,223,623)		Cash payments in the course of operations	(6,101,005)	(6,223,623)
Interest received	2,924	3,015		Interest received	2,924	3,015
Interest paid	(48,319)	(58,957)		Interest paid	(48,319)	(58,957)
Net cash provided by/(used in) operating activities	536,070	302,936		Net cash provided by/(used in) operating activities	536,070	302,936
CASH FLOWS FROM INVESTING ACTIVITIES:				CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	15,343	No changes	Proceeds from sale of plant and equipment	-	15,343
Purchase of property, plant and equipment	(454,477)	(161,231)		Purchase of property, plant and equipment	(454,477)	(161,231)
Net cash provided by/(used in) investing activities	(454,477)	(145,888)		Net cash provided by/(used in) investing activities	(454,477)	(145,888)
CASH FLOWS FROM FINANCING ACTIVITIES:				CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	(25,680)	(17,646)		Repayment of borrowings	(25,680)	(17,646)
Principal repayments of lease liabilities	(50,473)	(45,094)		Principal repayments of lease liabilities	(50,473)	(45,094)
Net cash provided by/(used in) financing activities	(76,153)	(62,740)		Net cash provided by/(used in) financing activities	(76,153)	(62,740)
Net increase/(decrease) in cash and cash equivalents held	5,440	94,308		Net increase/(decrease) in cash and cash equivalents held	5,440	94,308
Cash and cash equivalents at beginning of year	234,125	139,817		Cash and cash equivalents at beginning of year	234,125	139,817
Cash and cash equivalents at end of financial year	239,565	234,125		Cash and cash equivalents at end of financial year	239,565	234,125

RDR financial statements (AASB 101, AASB 110)	Changes	Simplified Disclosure financial statements (AASB 1060.11, 95 - 97, 186)
<p>The financial report covers ACNC General Purpose - RDR as an individual entity. ACNC General Purpose - RDR is a not-for-profit Company.</p> <p>The principal activities of the Company for the year ended 30 June 2022 were the provision of counselling and education services and the supply of low cost goods to families in need.</p> <p>The functional and presentation currency of ACNC General Purpose - RDR is Australian dollars.</p> <p>The financial report was authorised for issue by the directors on [insert date].</p> <p>Comparatives are consistent with prior years, unless otherwise stated.</p> <p>Basis of Preparation</p> <p>The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>.</p> <p>The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.</p> <p>Estimates and judgements</p> <p>The significant estimates and judgements made have been described below:</p> <p>[insert details].</p>	<p>Domicile and legal form of the entity to be disclosed</p> <p>A description of the nature of the entity's operations and its principal activities (if not disclosed elsewhere in information published with the financial statements)</p> <p>Name of financial reporting framework changes</p>	<p>The financial report covers ACNC General Purpose - SDS as an individual entity. ACNC General Purpose - SDS is a not-for-profit Company, registered and domiciled in Australia.</p> <p>The principal activities of the Company for the year ended 30 June 2022 were the provision of counselling and education services and the supply of low cost goods to families in need.</p> <p>The functional and presentation currency of ACNC General Purpose - SDS is Australian dollars.</p> <p>The financial report was authorised for issue by the directors on [insert date].</p> <p>Comparatives are consistent with prior years, unless otherwise stated.</p> <p>Basis of Preparation</p> <p>The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures and the <i>Australian Charities and Not-for-profits Commission Act 2012</i>.</p> <p>The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.</p> <p>Estimates and judgements</p> <p>The significant estimates and judgements made have been described below:</p> <p>[insert details].</p>

Revenue and other income

RDR financial statements (AASB 15 and AASB 1058)		Changes	Simplified Disclosure financial statements (AASB 1060.157-160 and AASB 1060. 226-237)	
	\$	\$		\$
Revenue from contracts with customers (AASB 15)			Revenue from contracts with customers (AASB 15)	
- provision of services	<u>5,497,290</u>	5,682,960	- provision of services	<u>5,497,290</u> 5,682,960
Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)			Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)	
- donations	50,000	35,000	- donations	50,000 35,000
- government revenue (including grants)	945,000	775,000	- government revenue (including grants)	945,000 775,000
- other revenue from other sources	<u>65,000</u>	55,000	- other revenue from other sources	<u>65,000</u> 55,000
	<u>1,060,000</u>	865,000		<u>1,060,000</u> 865,000
Total Revenue	<u>6,557,290</u>	6,547,960	Total Revenue	<u>6,557,290</u> 6,547,960
Other Income			Other Income	
- other income	<u>50,155</u>	110,587	- other income	<u>50,155</u> 110,587
Total Revenue and Other Income	<u>6,607,445</u>	6,658,547	Total Revenue and Other Income	<u>6,607,445</u> 6,658,547
Disaggregation of revenue from contracts with customers			Disaggregation of revenue from contracts with customers	
Revenue from contracts with customers has been disaggregated into regions of service and timing of revenue recognition, and the following table shows this breakdown:			Revenue from contracts with customers has been disaggregated into regions of service and timing of revenue recognition, and the following table shows this breakdown:	
Regions of service			Regions of service	
- Victoria	6,092,650	6,083,981	- Victoria	6,092,650 6,083,981
- South Australia	295,396	294,976	- South Australia	295,396 294,976
- Tasmania	<u>169,244</u>	169,003	- Tasmania	<u>169,244</u> 169,003
Revenue from contracts with customers	<u>6,557,290</u>	6,547,960	Revenue from contracts with customers	<u>6,557,290</u> 6,547,960
Revenue recognition			Revenue recognition	
- At a point in time	6,013,064	6,004,508	- At a point in time	6,013,064 6,004,508
- Overtime	<u>544,226</u>	543,452	- Overtime	<u>544,226</u> 543,452
Revenue from contracts with customers	<u>6,557,290</u>	6,547,960	Revenue from contracts with customers	<u>6,557,290</u> 6,547,960

Performance obligation information (not illustrated here since specific to the entity)

Unsatisfied performance obligations

The following table shows the aggregate amount of the transaction price allocated to unsatisfied (or partially unsatisfied) performance obligations resulting from training services

	\$	\$
Training services	234,577	234,244

Unsatisfied performance obligation information no longer required

Performance obligation information (not illustrated here since specific to the entity)

Disclosure required under RDR no longer required under SDS

- Revenue recognised from contracts with customer shown separately from other sources of revenue (Note Caseware SDS continues to do this as it is considered to provide useful information and is not considered onerous)
- Any impairment losses recognised on any receivables or contract assets arising from an entity's contracts with customers shown separately from other impairment.
- For performance obligations satisfied at a point in time, the significant judgements made in evaluating when a customer obtains control of promised goods or services (note: the generic requirement to disclose significant judgements or estimates exists in AASB 1060.96-97).

Finance income and expenses

RDR financial statements (AASB 7)		Changes	Simplified Disclosure financial statements (AASB 1060.119, 161 - 163)	
Finance income			Finance income	
	\$			\$
Interest income			Interest income	
- Assets measured at amortised cost	<u>2,924</u>	No change	- Assets measured at amortised cost	<u>2,924</u>
	3,015			3,015
Finance expenses			Finance expenses	
Interest expense on lease liability	6,102		Interest expense on lease liability	6,102
Interest on borrowings	<u>42,217</u>		Other finance expenses	<u>42,217</u>
	44,915			44,915
Total finance expenses	<u>48,319</u>		Total finance expenses	<u>48,319</u>
	58,956			58,956

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- Amount of borrowing costs capitalised during the period.

Note: there is a requirement to disclose impairment loss for each class of financial asset, the sample financial statements provide this information on the face of the statement of profit or loss and other comprehensive income.

Result for the year

RDR financial statements	Changes	Simplified Disclosure statements						
<p>The result for the year includes the following specific expenses:</p> <table> <tr> <td>Defined contribution superannuation</td><td>228,556</td><td>228,546</td></tr> </table>	Defined contribution superannuation	228,556	228,546	<p>No requirement to separately disclose employee benefit expenses, depreciation if present expenses by function or cost of sales if present by nature.</p>	<p>The result for the year includes the following specific expenses:</p> <table> <tr> <td>Defined contribution superannuation</td><td>228,556</td><td>228,546</td></tr> </table>	Defined contribution superannuation	228,556	228,546
Defined contribution superannuation	228,556	228,546						
Defined contribution superannuation	228,556	228,546						

Trade and Other Receivables

RDR financial statements (AASB 7)			Changes	Simplified Disclosure financial statements (AASB 1060.111-119)		
CURRENT				CURRENT		
Trade receivables	475,123	498,225		Trade receivables	475,123	498,225
Provision for impairment	(30,823)	(31,558)		Provision for impairment	(30,823)	(31,558)
Total current trade and other receivables	444,300	466,667		Total current trade and other receivables	444,300	466,667
<p>The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.</p> <p>The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.</p>			<p>No longer required to disclose information in relation to fair value or maximum exposure to credit risk</p>			

Property, plant and equipment

RDR financial statements (AASB 116)		Changes	Simplified Disclosure financial statements (AASB 1060.134-135)	
<p>Furniture, fixtures and fittings</p> <p>At cost 1,584,000 1,425,547</p> <p>Accumulated depreciation (377,475) (525,487)</p> <p>Total property, plant and equipment 1,206,525 900,060</p>			<p>Furniture, fixtures and fittings</p> <p>At cost 1,584,000 1,425,547</p> <p>Accumulated depreciation (377,475) (525,487)</p> <p>Total property, plant and equipment 1,206,525 900,060</p>	
(a) Movements in Carrying Amounts			(a) Movements in Carrying Amounts	
<p>Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:</p> <p style="text-align: center;">Furniture, Fixtures and Fittings</p> <p style="text-align: center;">\$</p> <p>Current year</p> <p>Balance at beginning of year 49,420</p> <p>Additions -</p> <p>Depreciation expense (37,840)</p> <p>Balance at the end of year 11,580</p>			<p>Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:</p> <p style="text-align: center;">Furniture, Fixtures and Fittings</p> <p style="text-align: center;">\$</p> <p>Current year</p> <p>Balance at beginning of year 49,420</p> <p>Additions -</p> <p>Depreciation expense (37,840)</p> <p>Balance at the end of year 11,580</p>	

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- The existence and carrying amount of property, plant and equipment to which the entity has restricted title or that is pledged as security for liabilities.
- Property, plant and equipment at fair value
 - The effective date of the revaluation
 - Whether an independent valuer was involved
 - The methods and significant assumptions applied in estimating the items' fair values and
 - The revaluation surplus, indicating the change for the period and any restrictions on the distribution of the balance to shareholders

Note: these disclosures are currently required by RDR and therefore are not new requirements.

Other assets

RDR financial statements (AASB 101, AASB 15)			Changes	Simplified Disclosure financial statements (AASB 1060.21)		
CURRENT				CURRENT		
Prepayments	90,565	145,874	Breakdown of contract cost assets is not required – Note not provided in sample RDR due to immateriality.	Prepayments	90,565	145,874
Contract cost assets - costs to fulfil a contract	15,158	18,025		Contract cost assets – costs to fulfil a contract	15,158	18,025
	<u>105,723</u>	<u>163,899</u>			<u>105,723</u>	<u>163,899</u>

Leases

RDR financial statements (AASB 16)	Changes	Simplified Disclosure financial statements (AASB 1060.144-146 and AASB 1060.151-152)																																
<p>Company as a lessee</p> <p>The Company has a lease over a building which is used for the corporate office.</p> <p>Building lease</p> <p>The building lease is for the corporate office and warehouse, there are 9 years remaining and there is a 5 year option extension at the discretion of the Company. The rentals are subject to a fixed increase of 3% for the initial term of 15 years.</p> <p>Concessionary leases</p> <p>The Company has the use of two training rooms for 5 hours per week in South Australia and Northern Territory for \$1 per year which are used for the provision of community services training courses under the terms of the lease.</p> <p>The Company has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability.</p> <p>Right-of-use assets</p> <table><tr><td></td><td>Buildings</td></tr><tr><td></td><td>\$</td></tr><tr><td>Year ended 30 June 2022</td><td></td></tr><tr><td>Balance at beginning of year</td><td>673,834</td></tr><tr><td>Depreciation charge</td><td>(74,870)</td></tr><tr><td>Balance at end of year</td><td><u>598,964</u></td></tr><tr><td>Year ended 30 June 2021</td><td></td></tr><tr><td>Balance at beginning of year</td><td>748,704</td></tr><tr><td>Depreciation charge</td><td>(74,870)</td></tr><tr><td>Balance at end of year</td><td><u>673,834</u></td></tr></table>		Buildings		\$	Year ended 30 June 2022		Balance at beginning of year	673,834	Depreciation charge	(74,870)	Balance at end of year	<u>598,964</u>	Year ended 30 June 2021		Balance at beginning of year	748,704	Depreciation charge	(74,870)	Balance at end of year	<u>673,834</u>	<p>Prior year reconciliation of ROU asset is not</p>	<p>Company as a lessee</p> <p>The Company has a lease over a building which is used for the corporate office.</p> <p>Building lease</p> <p>The building lease is for the corporate office and warehouse, there are 9 years remaining and there is a 5 year option extension at the discretion of the Company. The rentals are subject to a fixed increase of 3% for the initial term of 15 years.</p> <p>Concessionary leases</p> <p>The Company has the use of two training rooms for 5 hours per week in South Australia and Northern Territory for \$1 per year which are used for the provision of community services training courses under the terms of the lease.</p> <p>The Company has elected to measure the right of use asset arising from the concessionary leases at cost which is based on the associated lease liability.</p> <table><tr><td></td><td>Buildings</td></tr><tr><td></td><td>\$</td></tr><tr><td>Year ended 30 June 2022</td><td></td></tr><tr><td>Balance at beginning of year</td><td>673,834</td></tr><tr><td>Depreciation charge</td><td>(74,870)</td></tr><tr><td>Balance at end of year</td><td><u>598,964</u></td></tr></table>		Buildings		\$	Year ended 30 June 2022		Balance at beginning of year	673,834	Depreciation charge	(74,870)	Balance at end of year	<u>598,964</u>
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Extension options

The building lease contains an extension option which allows the Company to extend the lease term by up to twice the original non-cancellable period of the lease.

The Company includes options in leases to provide flexibility and certainty to the Company operations and reduce costs of moving premises and the extension options are at the Company's discretion.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

There are \$1,346,199 in potential future lease payments which are not included in lease liabilities as the Company has assessed that the exercise of the option is not reasonably certain.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	\$	\$
Interest expense on lease liabilities	42,217	44,915
Expenses relating to leases of low-value assets	47,852	45,938
Depreciation of right-of-use assets	74,870	74,870
	164,939	165,723

Statement of Cash Flows

Total cash outflow for leases	139,528	138,938
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required

SDS requires maturity analysis of lease liabilities

Depreciation of right of use assets is not required to be separately disclosed

Total cash outflows for leases is not required for SDS

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in the Statement of Financial Position \$
202Y					
Lease liabilities	108,613	411,795	332,550	842,958	653,137
202X					
Lease liabilities	104,276	412,310	417,006	933,592	703,610

Extension options

The building lease contains an extension option which allows the Company to extend the lease term by up to twice the original non-cancellable period of the lease.

The Company includes options in leases to provide flexibility and certainty to the Company operations and reduce costs of moving premises and the extension options are at the Company's discretion.

At commencement date and each subsequent reporting date, the Company assesses where it is reasonably certain that the extension options will be exercised.

There are \$1,346,199 in potential future lease payments which are not included in lease liabilities as the Company has assessed that the exercise of the option is not reasonably certain.

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to interest expense on lease liabilities and short-term leases or leases of low value assets are:

	\$	\$
Interest expense on lease liabilities	42,217	44,915
Expenses relating to leases of low-value assets	47,852	45,938

The Company has applied the practical expedient to all COVID-19 related rent concessions that meet the following conditions:

- a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c. there is no substantive change to other terms and conditions of the lease.

The practical expedient allows changes in lease payments resulting from the rent concession to be treated as a variable lease payment through the statement of profit or loss and other comprehensive income, rather than as a lease modification.

	\$	\$
Amount recognised in profit or loss to reflect changes in lease payments arising from COVID-19 rent concessions	<u>11,145</u>	<u>9,225</u>

Disclosure required under RDR no longer required under SDS not illustrated

- The expense relating to variable lease payments not included in the measurement of lease liabilities
- Income from subleasing right of use assets.
- Gains or losses arising from sale and leaseback transactions.

The Company has applied the practical expedient to all COVID-19 related rent concessions that meet the following conditions:

- a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c. there is no substantive change to other terms and conditions of the lease.

The practical expedient allows changes in lease payments resulting from the rent concession to be treated as a variable lease payment through the statement of profit or loss and other comprehensive income, rather than as a lease modification.

	\$	\$
Amount recognised in profit or loss to reflect changes in lease payments arising from COVID-19 rent concessions	<u>11,145</u>	<u>9,225</u>

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- Lessor accounting – AASB 1060 paragraphs 147-148

Borrowings

RDR financial statements (AASB 7)	Changes	Simplified Disclosure financial statements (AASB 1060.111 – 119)
<p>CURRENT</p> <p>Secured liabilities:</p> <p>Bank loans <u>102,545</u> <u>128,225</u></p> <p>The bank debt is secured by a registered first mortgage over certain freehold properties owned by the Company. Covenants imposed by the bank require total bank debt not to exceed 60% of total tangible assets, total liabilities not to exceed 40% of total tangible assets and borrowing costs not to exceed 15% of EBIT.</p> <p>The financial assets pledged as collateral represent a floating charge and cannot be disposed of without consent of the financier.</p>	<p>Defaults and breaches information to be included for SDS</p>	<p>CURRENT</p> <p>Secured liabilities:</p> <p>Bank loans <u>102,545</u> <u>128,225</u></p> <p>Defaults and breaches</p> <p>During the current and prior year, there were no defaults or breaches on any of the loans.</p> <p>The bank debt is secured by a registered first mortgage over certain freehold properties owned by the Company. Covenants imposed by the bank require total bank debt not to exceed 60% of total tangible assets, total liabilities not to exceed 40% of total tangible assets and borrowing costs not to exceed 15% of EBIT.</p> <p>The financial assets pledged as collateral represent a floating charge and cannot be disposed of without consent of the financier.</p>

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- Where there is a breach in terms or a default of principal, interest, sinking fund or redemption terms that have not been remedied by the reporting date, the following should be disclosed:
 - Details of that breach or default
 - The carrying amount of the related loans payable at the reporting date
- Whether the breach or default was remedied, or the terms of the loans payable were renegotiated before the financial statements were authorised for issue.

Contracted commitments

RDR financial statements	Changes	Simplified Disclosure financial statements (AASB 1060.135b, 138d)
<p>Contracted Commitments</p> <p>CaseWare ACNC Company has placed an order for additional furniture to be delivered in November 202X. The cost of the equipment is \$25,000.</p>	No changes	<p>Contracted Commitments</p> <p>CaseWare ACNC Company has placed an order for additional furniture to be delivered in November 202X. The cost of the equipment is \$25,000.</p>

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- The amount of contractual commitments for the acquisition of intangible assets.

Note: this disclosure is currently required by RDR and therefore is not an additional requirements.

Financial risk management

RDR financial statements (AASB 7)			Changes	Simplified Disclosure statements (AASB 1060.111 – 119)		
	\$	\$	No changes		\$	\$
Financial assets				Financial assets		
Held at amortised cost				Held at amortised cost		
Cash and cash equivalents	239,565	234,125		Cash and cash equivalents	239,565	234,125
Trade and other receivables	444,300	466,667		Trade and other receivables	444,300	466,667
Total financial assets	683,865	700,792		Total financial assets	683,865	700,792
Financial liabilities				Financial liabilities		
Financial liabilities at amortised cost	906,907	976,545		Financial liabilities at amortised cost	906,907	976,545
Total financial liabilities	906,907	976,545		Total financial liabilities	906,907	976,545

Disclosure required under RDR no longer required under SDS not illustrated

- If the entity has designated a financial liability as at fair value through profit or loss in accordance with AASB 9.(4.2.2) and is required to present the effects of changes in that liability's credit risk on other comprehensive income then where a liability is derecognised during the period, disclose the amount (if any) presented in other comprehensive income that was realised at derecognition.
- If in the current or prior reporting periods, the entity has reclassified any financial assets in accordance with AASB 9(4.4.1) then disclose:
 - The date of reclassification
 - A detailed explanation of the change in business model and a qualitative description of its effect on the entity's financial statements and
 - The amount reclassified into and out of each category.
- If, since its last annual reporting date, an entity has reclassified financial assets out of the fair value through other comprehensive income category so that they are measured at amortised cost or out of the fair value through profit or loss category so that they are measured at amortised cost or fair value through other comprehensive income, then disclose:
 - The fair value of the financial assets at the end of the reporting period and
 - The fair value gain or loss that would have been recognised in profit or loss and other comprehensive income during the reporting period if the financial assets had not been reclassified.
- If an entity has issued an instrument that contains both a liability and an equity component and the instrument has multiple embedded derivatives whose values are interdependent, the existence of these features was disclosed.

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- If an entity has transferred financial assets to another party in a transaction that does not qualify for derecognition, the following information is disclosed:
 - The nature of the assets
 - The nature of the risks and rewards of ownerships to which the entity remains exposed and
 - The carrying amounts of the asset and of any associated liabilities that the entity continues to recognise.

Note: some of the information required by AASB 1060.111-119 has been included in the relevant financial instrument notes, e.g. receivables.

Key management personnel disclosures

RDR financial statements	Changes	Simplified Disclosure financial statements (AASB 1060.193 – 196)
The total remuneration paid to key management personnel of the Company is \$204,456 (202Y: \$201,229).	No changes	The total remuneration paid to key management personnel of the Company is \$204,456 (202Y: \$201,229).

Auditors Remuneration

RDR financial statements	Changes	Simplified Disclosure financial statements (AASB 1060.98-99)												
No equivalent disclosure	SD financial statements are required to disclose fees to each auditor or reviewer (including network firm) separately for audit / review and other services. The nature of other services should be disclosed.	<table> <tr> <td></td><td style="text-align: right;">\$</td><td style="text-align: right;">\$</td></tr> <tr> <td>Remuneration of the auditor of the Company, ABC Auditors, for:</td><td></td><td></td></tr> <tr> <td>- auditing the financial statements</td><td style="text-align: right;">17,000</td><td style="text-align: right;">15,000</td></tr> <tr> <td>Total</td><td style="text-align: right;">17,000</td><td style="text-align: right;">15,000</td></tr> </table>		\$	\$	Remuneration of the auditor of the Company, ABC Auditors, for:			- auditing the financial statements	17,000	15,000	Total	17,000	15,000
	\$	\$												
Remuneration of the auditor of the Company, ABC Auditors, for:														
- auditing the financial statements	17,000	15,000												
Total	17,000	15,000												

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

The amount and nature of other services provided by the auditor (including network firm).

Contingencies

RDR financial statements (AASB 137)	Changes	Simplified Disclosure financial statements (AASB 1060.154-156)
In the opinion of the Directors, the Company did not have any contingencies at 30 June 202Z (30 June 202Y: None).	No changes	In the opinion of the Directors, the Company did not have any contingencies at 30 June 202Z (30 June 202Y: None).

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- Unless the possibility of any outflow of resources in settlement is remote, an entity shall disclose, for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and when practical:
 - an estimate of its financial effect, measured in accordance with AASB 137;
 - an indication of the uncertainties relating to the amount or timing or any outflow and
 - the possibility of any reimbursement.

If it is impracticable to make one or more of these disclosures, that fact should be disclosed.

- If an inflow of economic benefits is probable but not virtually certain, disclose a description of the nature of the contingent assets at the end of the reporting period and where, practicable, an estimate of their financial effect, measured using the principles of AASB 137.

If it is impracticable to make one or more of these disclosures, that fact should be disclosed.

Note: these disclosures are the same as those currently required by RDR and therefore are not additional requirements,

Related parties

RDR financial statements (AASB 124)	Changes	Simplified Disclosure financial statements (AASB 1060.192, 197 – 203)
<p>(a) The Company's main related parties are as follows:</p> <p>Key management personnel - refer to Note XX.</p> <p>Related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.</p> <p>(b) Transactions with related parties</p> <p>Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.</p> <p>The following transactions occurred with related parties:</p> <p>Legal services provided by ABC legal of which one of the Directors is a Partner - total expenses for the year were \$10,255 with nil balance outstanding at the year end</p>	No changes	<p>(a) The Company's main related parties are as follows:</p> <p>Key management personnel - refer to Note XX.</p> <p>Related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.</p> <p>(b) Transactions with related parties</p> <p>Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.</p> <p>The following transactions occurred with related parties:</p> <p>Legal services provided by ABC legal of which one of the Directors is a Partner - total expenses for the year were \$10,255 with nil balance outstanding at the year end.</p>

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- Name of its parent and, if different, the ultimate controlling party should be disclosed and in addition, if neither the entity's parent nor the ultimate controlling party produces financial statements available for public use, then also disclose the name of the next most senior parent than does so (if any).
- Disclose the following information in relation to related party transactions:
 - Whether related party balances are secured
 - Details of any guarantees given or received
 - Provision for uncollectable receivables relating to the amount of the outstanding balances
 - Expense recognised during the period in respect of bad or doubtful debts due from related parties.
- Related party transactions disclosures should be made separately for each of the following:
 - Entities with control, joint control or significant influence over the entity
 - Entities over which the entity has control, joint control or significant influence
 - Key management personnel of the entity or its parent (in aggregate) and
 - Other related parties.

Note: these disclosures are the same as those currently required by RDR and therefore are not additional requirements,

Events occurring after the reporting date

RDR financial statements (AASB 110)	Changes	Simplified Disclosure statements (AASB 1060.185-188)
<p>The financial report was authorised for issue on 31 October 2022 by the Board of Directors.</p> <p>No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.</p>	No changes	<p>The financial report was authorised for issue on 31 October 2022 by the Board of Directors.</p> <p>No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.</p>

Disclosures required under SDS not illustrated in this note as not relevant to this sample entity:

- Disclose the following for each category of non-adjusting event after the end of the reporting period:
 - The nature of the event
 - An estimate of the financial effect or a statement that such an estimate cannot be made.

Note: these disclosures are the same as those currently required by RDR and therefore are not additional requirements,

Statutory information

RDR financial statements	Changes	Simplified Disclosure statements
	Address of registered office (or principal place of business, if different from registered office) is required	<div>The registered office and principal place of business of the company is:_____</div> <div>Caseware ACNC Company 100 City Road East Melbourne VIC 3002</div>

AASB 1060 sections not illustrated

The following sections of AASB 1060 are not relevant to **Caseware ACNC Company** and therefore disclosures have not been illustrated.

Entity should refer to the paragraphs below if they have these balances or transactions – note some of these balances are illustrated in the 'For Profit' version of this document, than can be accessed via this link: <https://www.caseware.com.au/resource/caseware-rdr-vs-sds-comparison-financial-statements/>

AASB 1060 section	Paragraph numbers
Share capital and reserve information	45
Consolidated and separate financial statements	104 - 105
Disclosure of a change in accounting policy	106 – 108
Disclosure of a change in estimate	109
Disclosure of prior period errors	110
Other financial instrument issues – Hedging disclosures	120 - 122
Inventories	123 - 124
Investments in Associates	125 – 128
Investments in Joint Ventures	129 - 131
Investment property	132, 134 - 135
Intangible assets other than goodwill	137 - 141
Business combinations and goodwill	142 - 146
Lessor accounting – finance leases	147
Lessor accounting – operating	148
Provisions	153
Government grants of for-profit entities	160
Share-based payment	164 - 168
Impairment of assets	169 – 170
Defined benefit plans	173
Termination benefits	174 – 175
Foreign currency translation	179 – 182
Hyperinflation	183 - 184
Biological assets	204 – 205
Transition to Australian Accounting Standards – Simplified disclosures	206 - 213
Not-for-profit sections	
Contributions	215
Restructure of administrative arrangements	216 – 218
Administered items	219 – 220
Land under roads	221
Budgetary reporting	222 – 225
Non-contractual income arising from statutory requirements	230 - 232
Transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity	233 – 237
Compliance with parliamentary appropriations and other related authorities for expenditure	238 – 241
Service concession arrangements: grantors that are public sector entities	242 -243

Where the addition of a note would not have provided any material additional information for **Caseware ACNC Company** compared to the primary statements, the note was not included in the sample financial statements and therefore this document. Refer to the 'For Profit' version of this document, than can be accessed via this link: <https://www.caseware.com.au/resource/caseware-rdr-vs-sds-comparison-financial-statements/> for illustrative disclosures and the differences, if any, between RDR and SDS.

This is relevant for the following notes:

- Cash and cash equivalents
- Trade and other payables
- Employee benefit provisions.