Compiled AASB Standard **AASB 2026-2**

Amendments to Australian Accounting Standards – Extending the Application of the *Conceptual Framework* and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements

This compiled Standard applies to annual periods beginning on or after 1 July 2029. Earlier application is permitted for annual periods beginning before 1 July 2029. It incorporates relevant amendments made up to and including 27 August 2026.

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Australian Accounting Standards Board

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Australian Accounting Standard AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements* (as amended) is set out in paragraphs 1–76. All the paragraphs have equal authority.

Preface

Standards amended by AASB 2026-2

This Standard makes amendments to the Australian Accounting Standards, Interpretations and other pronouncements listed in paragraph 1 of the Standard. These amendments arise from the AASB's policy of adopting IFRS Accounting Standards for both for-profit and not-for-profit entities and its review of the Australian financial reporting framework.

Main features of this Standard

Main requirements

This Standard makes amendments to the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*) and AASB 1057 *Application of Australian Accounting Standards* to:

(a) extend the application of the *Conceptual Framework* and Australian Accounting Standards to not-for-profit entities (both private sector and public sector) that:

  (i) are required by legislation to comply with either Australian Accounting Standards or accounting standards;

  (ii) are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, subject to an exemption if the relevant document was created and last amended before 1 July 2029; or

  (iii) elect to prepare general purpose financial statements; and

(b) introduce 'Aus' paragraphs to the *Conceptual Framework* to add Australian-specific guidance for not-for-profit entities.

This Standard also consequentially amends AASB 1054 *Australian Additional Disclosures* to revise the set of not-for-profit private sector entities required to provide specified disclosures in special purpose financial statements, where prepared, and to amend the extent of disclosure required.

When the amendments are applicable, some not-for-profit entities might need to prepare general purpose financial statements for the first time. This Standard amends AASB 1053 *Application of Tiers of Australian Accounting Standards* to make transitional relief available for those entities preparing general purpose financial statements complying with Tier 2: Australian Accounting Standards – Simplified Disclosures reporting requirements for the first time following these amendments.

In addition, this Standard also makes consequential amendments to various Australian Accounting Standards resulting from the amendments above, and to the *Framework for the Preparation and Presentation of Financial Statements*, Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* and AASB Practice Statement 2 *Making Materiality Judgements*.

Application date

This Standard applies to annual periods beginning on or after 1 July 2029. Earlier application is permitted.

Accounting Standard AASB 2026-2

The Australian Accounting Standards Board made Accounting Standard AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements* under section 334 of the *Corporations Act 2001* on 21 April 2026.

This compiled version of AASB 2026-2 applies to annual periods beginning on or after 1 July 2029. It incorporates relevant amendments contained in other AASB Standards made by the AASB up to and including 27 August 2026 (see Compilation Details).

Accounting Standard AASB 2026-2
Amendments to Australian Accounting Standards – Extending the Application of the Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*

Objective

1 This Standard amends:

(a) the *Conceptual Framework for Financial Reporting* (May 2019);

(b) the *Framework for the Preparation and Presentation of Financial Statements* (July 2004);

(c) Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* (August 1990);

(d) AASB 1 *First-time Adoption of Australian Accounting Standards* (July 2015);

(e) AASB 2 *Share-based Payment* (July 2015);

(f) AASB 3 *Business Combinations* (August 2015);

(g) AASB 6 *Exploration for and Evaluation of Mineral Resources* (August 2015);

(h) AASB 7 *Financial Instruments: Disclosures* (August 2015);

(i) AASB 8 *Operating Segments* (August 2015);

(j) AASB 9 *Financial Instruments* (December 2014);

(k) AASB 10 *Consolidated Financial Statements* (July 2015);

(l) AASB 12 *Disclosure of Interests in Other Entities* (August 2015);

(m) AASB 14 *Regulatory Deferral Accounts* (June 2014);

(n) AASB 17 *Insurance Contracts* (July 2017);

(o) AASB 18 *Presentation and Disclosure in Financial Statements* (June 2024);

(p) AASB 108 *Basis of Preparation of Financial Statements* (August 2015);

(q) AASB 110 *Events after the Reporting Period* (August 2015);

(r) AASB 112 *Income Taxes* (August 2015);

(s) AASB 116 *Property, Plant and Equipment* (August 2015);

(t) AASB 119 *Employee Benefits* (August 2015);

(u) AASB 121 *The Effects of Changes in Foreign Exchange Rates* (August 2015);

(v) AASB 124 *Related Party Disclosures* (July 2015);

(w) AASB 128 *Investments in Associates and Joint Ventures* (August 2015);

(x) AASB 132 *Financial Instruments: Presentation* (August 2015);

(y) AASB 133 *Earnings per Share* (August 2015);

(z) AASB 134 *Interim Financial Reporting* (August 2015);

(aa) AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (August 2015);

(bb) AASB 139 *Financial Instruments: Recognition and Measurement* (August 2015);

(cc) AASB 140 *Investment Property* (August 2015);

(dd) AASB 141 *Agriculture* (August 2015);

(ee) AASB 1048 *Interpretation of Standards* (November 2024);

(ff) AASB 1052 *Disaggregated Disclosures* (December 2007);

(gg) AASB 1053 *Application of Tiers of Australian Accounting Standards* (June 2010);

(hh) AASB 1054 *Australian Additional Disclosures* (May 2011);

(ii) AASB 1056 *Superannuation Entities* (December 2023);

(jj) AASB 1057 *Application of Australian Accounting Standards* (July 2015);

(kk) AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (March 2020);

(ll) Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* (August 2015);

(mm) Interpretation 132 *Intangible Assets – Web Site Costs* (August 2015);

(nn) Interpretation 1003 *Australian Petroleum Resource Rent Tax* (November 2007);

(oo) Interpretation 1031 *Accounting for the Goods and Services Tax (GST)* (July 2004); and

(pp) AASB Practice Statement 2 *Making Materiality Judgements* (December 2017);

to extend the application of the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*) and Australian Accounting Standards to more not-for-profit entities and make consequential amendments to the pronouncements. This Standard also makes amendments to the *Conceptual Framework* to address issues specific to the not-for-profit sector.

Application

2 The amendments set out in this Standard apply to entities and financial statements in accordance with the application of the other Standards and Interpretations set out in AASB 1057 *Application of Australian Accounting Standards* and the other pronouncements.

3 An entity shall apply this Standard to annual reporting periods beginning on or after 1 July 2029. This Standard may be applied to annual periods beginning before 1 July 2029. When an entity applies this Standard to such an annual period, it shall disclose that fact.

4 This Standard uses underlining, striking out and other typographical material to identify the amendments to a Standard, an Interpretation or another pronouncement, in order to make the amendments more understandable. However, the amendments made by this Standard do not include that underlining, striking out or other typographical material. Amended paragraphs and headings are shown with deleted text struck through and new text underlined. Ellipses (…) are used to help provide the context within which amendments are made and also to indicate text that is not amended.

Amendments to the *Conceptual Framework for Financial Reporting*

5 Paragraph Aus1.1 is amended and paragraph Aus1.2A is added as follows. Paragraphs Aus1.2 and Aus1.3 are not amended but have been included for ease of reference:

APPLICATION

Aus1.1 ~~This~~ The *Conceptual Framework for Financial Reporting* (*Conceptual Framework*) applies to:

(a) for-profit private sector entities and not-for-profit entities that are required by legislation to comply with either Australian Accounting Standards or accounting standards;

(b) other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029; and

(c) other ~~for-profit~~ entities (private or public sector) that elect to prepare general purpose financial statements.

Aus1.2 This *Conceptual Framework* applies to periods beginning on or after 1 July 2021. Earlier application is permitted if at the same time an entity also applies the amendments made by AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework* and AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.

Aus1.2A AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements* amended paragraph Aus1.1 and the Appendix and added 'Aus' paragraphs. An entity shall apply these amendments from 1 July 2029. Earlier application by not-for-profit entities is permitted if at the same time the entity also applies all the other amendments made by AASB 2026-2.

Aus1.3 When applicable, this *Conceptual Framework* supersedes:

(a) the *Framework for the Preparation and Presentation of Financial Statements* (July 2004); and

(b) Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* (August 1990);

except as otherwise required by Australian Accounting Standards.

6 Paragraph AusSP1.5.1 is added after paragraph SP1.5 as follows. Paragraph SP1.5 is not amended but has been included for ease of reference:

SP1.5 The *Conceptual Framework* contributes to the stated mission of the Board, including developing Standards that bring transparency, accountability and efficiency to financial markets in Australia. The Board's work serves the public interest by fostering trust, growth and long-term financial stability in the Australian economy. The *Conceptual Framework* provides the foundation for Standards that:

(a) contribute to transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions.

(b) strengthen accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. Standards based on the *Conceptual Framework* provide information needed to hold management to account. As a source of globally comparable information, those Standards are also of vital importance to regulators around the world.

(c) contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For businesses, the use of a single, trusted accounting language derived from Standards based on the *Conceptual Framework* lowers the cost of capital and reduces international reporting costs.

AusSP1.5.1 In respect of not-for-profit entities, the *Conceptual Framework* also contributes to the stated mission of the Board, including developing Standards that bring transparency and accountability of those entities to their resource providers and beneficiaries, and efficiency to the allocation of scarce resources to not-for-profit entities in Australia. The *Conceptual Framework* also, in respect of not-for-profit entities, provides the foundation for Standards that:

(a) strengthen accountability by reducing the information gap between the providers of resources and the people to whom they have entrusted those resources. Standards based on the *Conceptual Framework* contribute to providing information needed to hold management to account.

(b) contribute to better deployment of scarce resources by helping resource providers and beneficiaries to compare the efficiency and effectiveness of service delivery by different entities, and the capacity of entities to provide services in the future, thus assisting the allocation of resources and the identification of future resource needs.

7 Paragraphs Aus1.2.1 and Aus1.3.1 are added as follows. Paragraphs 1.2 and 1.3 are not amended but have been included for ease of reference. Footnotes to the text are not reproduced:

Objective, usefulness and limitations of general purpose financial reporting

1.2 The objective of general purpose financial reporting[1] is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity.[2] Those decisions involve decisions about:

(a) buying, selling or holding equity and debt instruments;

(b) providing or settling loans and other forms of credit; or

(c) exercising rights to vote on, or otherwise influence, management's actions that affect the use of the entity's economic resources.

Aus1.2.1 Among the users of financial information about a not-for-profit reporting entity are existing and potential resource providers (such as donors and other funders, taxpayers, lenders and other creditors, and investors), recipients of goods and services (such as beneficiaries, for example members of the community) and parties performing a review or oversight function on behalf of other users (such as advisers and members of parliament). Such users may make resource allocation decisions in relation to not-for-profit entities that differ from those identified in paragraph 1.2. For example, donors and other funders decide whether to commit resources to an entity, taxpayers decide who should represent them in government, recipients decide whether they can continue to rely on the provision of goods and services from the entity or whether to seek alternative suppliers, and parliaments decide, on behalf of constituents, whether to support particular programmes for delivery by an entity. In relation to not-for-profit entities, where pertinent, all references in the *Conceptual Framework* to 'existing and potential investors, lenders and other creditors' (and related terms) should be read as a reference to this broader range of users.

1.3 The decisions described in paragraph 1.2 depend on the returns that existing and potential investors, lenders and other creditors expect, for example, dividends, principal and interest payments or market price increases. Investors', lenders' and other creditors' expectations about returns depend on their assessment of the amount, timing and uncertainty of (the prospects for) future net cash inflows to the entity and on their assessment of management's stewardship of the entity's economic resources. Existing and potential investors, lenders and other creditors need information to help them make those assessments.

Aus1.3.1 In respect of not-for-profit entities, users (such as certain existing and potential resource providers) are generally not concerned with obtaining a financial return on an investment in the entity. Rather, they are concerned with the ability of the entity to achieve its objectives (whether financial or non-financial), which in turn may depend, at least in part, on the entity's prospects for future net cash inflows and management's stewardship of the entity's economic resources (see also paragraph Aus1.18.1). Users will, for example, be interested in the capability of the entity's resources to provide goods and services in the future. Accordingly, in relation to not-for-profit entities, where pertinent, references in this *Conceptual Framework* to 'assessing prospects for future net cash inflows to the entity', 'assessing prospects for how future cash flows will be distributed among those with a claim against the reporting entity' and 'assessing management's stewardship of the entity's economic resources' (and related terms) should be read in the context of the common information needs of users of general purpose financial reports of not-for-profit entities described in this paragraph.

8 Paragraphs Aus1.15.1, Aus1.16.1, Aus1.18.1 and a footnote are added as follows. Paragraphs 1.15, 1.16 and 1.18 are not amended but have been included for ease of reference:

Changes in economic resources and claims

1.15 Changes in a reporting entity's economic resources and claims result from that entity's financial performance (see paragraphs 1.17–1.20) and from other events or transactions such as issuing debt or equity instruments (see paragraph 1.21). To properly assess both the prospects for future net cash inflows to the reporting entity and management's stewardship of the entity's economic resources, users need to be able to identify those two types of changes.

Aus1.15.1 In respect of not-for-profit entities, transactions in equity instruments and distributions to investors typically do not occur (however, exceptions may occur, such as where a not-for-profit entity controls a for-profit subsidiary with equity instruments, possibly including non-controlling equity interests, that generates surpluses to subsidise the service-delivery activities of that not-for-profit parent entity).[6]

6 See paragraph Aus4.67.1, which refers to the typical absence of defined equity interests in not-for-profit entities and states that each reference to an 'equity claim' in this *Conceptual Framework* should, in relation to not-for-profit entities, be read as a reference to a residual interest in the entity.

1.16 Information about a reporting entity's financial performance helps users to understand the return that the entity has produced on its economic resources. Information about the return the entity has produced can help users to assess management's stewardship of the entity's economic resources. Information about the variability and components of that return is also important, especially in assessing the uncertainty of future cash flows. Information about a reporting entity's past financial performance and how its management discharged its stewardship responsibilities is usually helpful in predicting the entity's future returns on its economic resources.

Aus1.16.1 In respect of a not-for-profit entity, information about its past financial performance and how its management discharged its stewardship responsibilities is usually helpful for predicting:

(a) the volume and cost of future services; and

(b) the sustainability of future service delivery through managing the resources needed to deliver those services and through recovering the cost of those future services from taxes, appropriations, donations and other income.

Financial performance reflected by accrual accounting

…

1.18 Information about a reporting entity's financial performance during a period, reflected by changes in its economic resources and claims other than by obtaining additional resources directly from investors and creditors (see paragraph 1.21), is useful in assessing the entity's past and future ability to generate net cash inflows. That information indicates the extent to which the reporting entity has increased its available economic resources, and thus its capacity for generating net cash inflows through its operations rather than by obtaining additional resources directly from investors and creditors. Information about a reporting entity's financial performance during a period can also help users to assess management's stewardship of the entity's economic resources.

Aus1.18.1 In respect of not-for-profit entities, information useful for assessing an entity's past and future ability to generate net cash inflows through its operations and management's stewardship of the entity's economic resources is useful for assessing whether income from donors and other funders, taxpayers and other resource providers was sufficient, and is likely to remain sufficient, to meet the cost of a given volume and quality of goods and services the entity provides.

9 Paragraph Aus2.41.1 is added as follows. Paragraphs 2.39–2.41 are not amended but have been included for ease of reference:

The cost constraint on useful financial reporting

2.39 Cost is a pervasive constraint on the information that can be provided by financial reporting. Reporting financial information imposes costs, and it is important that those costs are justified by the benefits of reporting that information. There are several types of costs and benefits to consider.

2.40 Providers of financial information expend most of the effort involved in collecting, processing, verifying and disseminating financial information, but users ultimately bear those costs in the form of reduced returns. Users of financial information also incur costs of analysing and interpreting the information provided. If needed information is not provided, users incur additional costs to obtain that information elsewhere or to estimate it.

2.41 Reporting financial information that is relevant and faithfully represents what it purports to represent helps users to make decisions with more confidence. This results in more efficient functioning of capital markets and a lower cost of capital for the economy as a whole. An individual investor, lender or other creditor also receives benefits by making more informed decisions. However, it is not possible for general purpose financial reports to provide all the information that every user finds relevant.

Aus2.41.1 In respect of not-for-profit entities, reporting financial information that is relevant and faithfully represents what it purports to represent similarly helps users to make decisions with more confidence and make more informed decisions. Information that helps users understand how management has discharged its responsibilities results in more efficient allocation of scarce resources to not-for-profit entities throughout the economy.

10 Paragraphs Aus4.4.1, Aus4.16.1, Aus4.16.2, Aus4.25.1 and Aus4.67.1 are added as follows. Paragraphs 4.3, 4.4, 4.16, 4.25 and 4.67 are not amended but have been included for ease of reference:

Definition of an asset

4.3 An asset is a present economic resource controlled by the entity as a result of past events.

4.4 An economic resource is a right that has the potential to produce economic benefits.

Aus4.4.1 In respect of not-for-profit entities, in pursuing their objectives, goods and services are provided that have the capacity to satisfy human wants and needs. Assets provide a means for entities to achieve their objectives. The potential to produce economic benefits is the essence of assets and is synonymous with the notion of service potential, and is used in the *Conceptual Framework* as a reference also to service potential. The potential to produce economic benefits can be described as the scarce capacity to provide benefits to the entities that use them in pursuing their objectives, and is common to all assets irrespective of their physical or other form.

…

Potential to produce economic benefits

…

4.16 An economic resource could produce economic benefits for an entity by entitling or enabling it to do, for example, one or more of the following:

(a) receive contractual cash flows or another economic resource;

(b) exchange economic resources with another party on favourable terms;

(c) produce cash inflows or avoid cash outflows by, for example:

(i) using the economic resource either individually or in combination with other economic resources to produce goods or provide services;

(ii) using the economic resource to enhance the value of other economic resources; or

(iii) leasing the economic resource to another party;

(d) receive cash or other economic resources by selling the economic resource; or

(e) extinguish liabilities by transferring the economic resource.

Aus4.16.1 In respect of not-for-profit entities, the potential to produce economic benefits is also used to provide goods and services in accordance with the entities' objectives. However, since the entities do not have the generation of profit as a primary objective, the provision of goods and services might not result in cash inflows to the entities, because the recipients of the goods and services might not transfer cash or other benefits to the entities in exchange.

Aus4.16.2 In respect of not-for-profit entities, the fact that they do not charge, or do not charge fully, their beneficiaries or customers for the goods and services they provide does not deprive those outputs of utility or value; nor does it preclude the entities from benefiting from the assets used to provide the goods and services. For example, assets such as monuments, museums, cathedrals and historical treasures provide needed or desired services to beneficiaries, typically at little or no direct cost to the beneficiaries. These assets benefit the entities by enabling them to meet their objectives of providing needed services to beneficiaries.

…

Control

…

4.25 Sometimes one party (a principal) engages another party (an agent) to act on behalf of, and for the benefit of, the principal. For example, a principal may engage an agent to arrange sales of goods controlled by the principal. If an agent has custody of an economic resource controlled by the principal, that economic resource is not an asset of the agent. Furthermore, if the agent has an obligation to transfer to a third party an economic resource controlled by the principal, that

obligation is not a liability of the agent, because the economic resource that would be transferred is the principal's economic resource, not the agent's.

Aus4.25.1 In respect of not-for-profit entities, rather than to arrange sales of goods, a principal might engage an agent to arrange the distribution of goods controlled by the principal to eligible beneficiaries.

…

Definition of equity

…

4.67 Business activities are often undertaken by entities such as sole proprietorships, partnerships, trusts or various types of government business undertakings. The legal and regulatory frameworks for such entities are often different from frameworks that apply to corporate entities. For example, there may be few, if any, restrictions on the distribution to holders of equity claims against such entities. Nevertheless, the definition of equity in paragraph 4.63 of the *Conceptual Framework* applies to all reporting entities.

Aus4.67.1 In respect of not-for-profit entities, residual interests in the entity's assets are not necessarily held in the form of equity claims. In a not-for-profit entity in the private sector, there is typically an absence of defined financial interests of an ownership group conveying entitlement to the rights described in paragraph 4.65. However, some party or parties would be entitled to any assets remaining after the liabilities of the entity have been satisfied. In the case of not-for-profit entities in the public sector, it is normally the community, through its elected representatives in government, that holds the ultimate residual interest. Each reference to an 'equity claim' in this *Conceptual Framework* should, in relation to not-for-profit entities, be read as a reference to a residual interest in the entity, whether held as an equity claim or otherwise.

11 Paragraphs Aus6.30.1 and Aus6.41.1 are added as follows. Paragraphs 6.30 and 6.41 are not amended but have been included for ease of reference:

Historical cost

…

6.30 Information about the cost of assets sold or consumed, including goods and services consumed immediately (see paragraph 4.8), and about the consideration received, may have predictive value. That information can be used as an input in predicting future margins from the future sale of goods (including goods not currently held by the entity) and services and hence to assess the entity's prospects for future net cash inflows. To assess an entity's prospects for future cash flows, users of financial statements often focus on the entity's prospects for generating future margins over many periods, not just on its prospects for generating margins from goods already held. Income and expenses measured at historical cost may also have confirmatory value because they may provide feedback to users of financial statements about their previous predictions of cash flows or of margins. Information about the cost of assets sold or consumed may also help in an assessment of how efficiently and effectively the entity's management has discharged its responsibilities to use the entity's economic resources.

Aus6.30.1 The cost of assets sold or consumed by a not-for-profit entity may have predictive value because that cost is useful as an input in predicting the cost of goods or services to be provided to customers and beneficiaries in the future (including through sales) in pursuing its not-for-profit objectives, and the extent to which that cost will be recovered from future income.

…

Current cost

…

6.41 Like historical cost, current cost provides information about the cost of an asset consumed or about income from the fulfilment of liabilities. That information can be used to derive current margins and can be used as an input in predicting future margins. Unlike historical cost, current cost reflects prices prevailing at the time of consumption or fulfilment. When price changes are significant, margins based on current cost may be more useful for predicting future margins than margins based on historical cost.

Aus6.41.1 For not-for-profit entities, current cost similarly provides information that can be used to derive current margins and be used as an input in predicting future margins. However, these margins might be assessed at a higher level of aggregation of income and expenses within the entity than is the case for for-profit entities. For example, when the cost of goods and services provided to customers and beneficiaries is recovered from sales revenues and financial support in the form of rates, taxes, appropriations or donations, margins on the cost of goods and services provided might be assessed at a whole-of-entity level. Current cost also provides information that can be used as an input in predicting the cost of goods and services to be provided to customers and beneficiaries in the future. When price changes are significant, current cost may be more useful for predicting the cost of goods and services provided in the future than historical cost.

12 Paragraphs Aus6.55.1 and Aus6.56.1 are added as follows. Paragraphs 6.54, 6.55, 6.56 and 6.57 are not amended but have been included for ease of reference:

Contribution to future cash flows

6.54 As noted in paragraph 1.14, some economic resources produce cash flows directly; in other cases, economic resources are used in combination to produce cash flows indirectly. How economic resources are used, and hence how assets and liabilities produce cash flows, depends in part on the nature of the business activities conducted by the entity.

6.55 When a business activity of an entity involves the use of several economic resources that produce cash flows indirectly, by being used in combination to produce and market goods or services to customers, historical cost or current cost is likely to provide relevant information about that activity. For example, property, plant and equipment is typically used in combination with an entity's other economic resources. Similarly, inventory typically cannot be sold to a customer, except by making extensive use of the entity's other economic resources (for example, in production and marketing activities). Paragraphs 6.24–6.31 and 6.40–6.42 explain how measuring such assets at historical cost or current cost can provide relevant information that can be used to derive margins achieved during the period.

Aus6.55.1 In respect of not-for-profit entities, when a business activity of an entity involves the use of economic resources that produce cash flows indirectly, historical cost or current cost could, but may not, provide the most relevant information about that activity for assets whose economic benefits are in the form of their service potential rather than their ability to generate cash flows.

6.56 For assets and liabilities that produce cash flows directly, such as assets that can be sold independently and without a significant economic penalty (for example, without significant business disruption), the measurement basis that provides the most relevant information is likely to be a current value that incorporates current estimates of the amount, timing and uncertainty of the future cash flows.

Aus6.56.1 In respect of not-for-profit entities, the measurement basis that provides the most relevant information about an asset that produces cash flows directly may or may not be a current value where an asset's economic benefits are in the form of its service potential rather than its ability to generate cash flows.

6.57 When a business activity of an entity involves managing financial assets and financial liabilities with the objective of collecting contractual cash flows, amortised cost may provide relevant information that can be used to derive the margin between the interest earned on the assets and the interest incurred on the liabilities. However, in assessing whether amortised cost will provide useful information, it is also necessary to consider the characteristics of the financial asset or financial liability. Amortised cost is unlikely to provide relevant information about cash flows that depend on factors other than principal and interest.

13 The Appendix is amended as follows:

The following defined terms are extracted or derived from the relevant paragraphs of the Conceptual Framework for Financial Reporting.

…

economic resource	A right that has the potential to produce economic benefits.	CF.4.4
	A right that has the potential to produce economic benefits (including a right to service potential).	CF.Aus4.4.1

…

equity claim	A claim on the residual interest in the assets of the entity after deducting all its liabilities.	CF.4.64
	A residual interest in the entity, whether held as an equity claim or otherwise.	CF.Aus4.67.1
…		
primary users (of general purpose financial reports)	Existing and potential investors, lenders and other creditors.	CF.1.2
	Existing and potential resource providers (such as donors and other funders, taxpayers, lenders and other creditors, and investors), recipients of goods and services (such as beneficiaries, for example members of the community) and parties performing a review or oversight function on behalf of other users (such as advisers and members of parliament).	CF.Aus1.2.1

Amendments to the *Framework for the Preparation and Presentation of Financial Statements*

14 Paragraphs Aus1.2A and Aus1.2B are amended and paragraph Aus1.2AA is added as follows. Paragraphs Aus1.1 and Aus1.2 are not amended but have been included for ease of reference:

Application

Aus1.1 The concepts in this *Framework* are not set out as requirements for the purpose of preparing general purpose financial statements. This is consistent with the:

(a) [deleted]

(b) [deleted]

(c) *Australian Securities and Investments Commission Act 2001*, section 227(1).

Aus1.2 This *Framework* applies to periods beginning on or after 1 January 2005.

Aus1.2A With respect to for-profit entities, ~~T~~this *Framework* does not apply in relation to reporting periods beginning on or after 1 July 2021 to:

(a) for-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards;

(b) other for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021; and

(c) other for-profit entities (private sector or public sector) that elect to prepare general purpose financial statements;

except as otherwise required by Australian Accounting Standards.

Aus1.2AA With respect to not-for-profit entities, this *Framework* does not apply in relation to reporting periods beginning on or after 1 July 2029 to:

(a) not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards;

(b) other not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2029; and

(c) other not-for-profit entities (private sector or public sector) that elect to prepare general purpose financial statements;

except as otherwise required by Australian Accounting Standards.

Aus1.2B If an entity identified in paragraph Aus1.2A or Aus1.2AA elects to apply the *Conceptual Framework for Financial Reporting* to an annual reporting period prior to its mandatory application for the entity, the entity shall not apply this *Framework* to that period, except as otherwise required by Australian Accounting Standards.

Amendments to Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity*

15 Paragraphs 2A and 2B are amended and paragraph 2AA is added as follows. Paragraph 2 is not amended but has been included for ease of reference:

2 This Statement applies to each reporting entity in relation to its first reporting period that ends on or after 31 August 1990, and in relation to subsequent reporting periods.

2A With respect to for-profit entities, ~~T~~this Statement does not apply in relation to reporting periods beginning on or after 1 July 2021 to:

(a) for-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards;

(b) other for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2021; and

(c) other for-profit entities (private sector or public sector) that elect to prepare general purpose financial statements.

2AA With respect to not-for-profit entities, this Statement does not apply in relation to reporting periods beginning on or after 1 July 2029 to:

(a) not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards;

(b) other not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2029; and

(c) other not-for-profit entities (private sector or public sector) that elect to prepare general purpose financial statements.

2B If an entity identified in paragraph 2A or 2AA elects to apply the *Conceptual Framework for Financial Reporting* to an annual reporting period prior to its mandatory application for the entity, the entity shall not apply this Statement to that period.

Amendments to AASB 1 *First-time Adoption of Australian Accounting Standards*

16 Paragraph Aus12.2 is added as follows. Paragraph Aus12.1 is not amended but has been included for ease of reference:

Aus12.1 Entities that elect to apply AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* to periods beginning before 1 July 2021 (ie early application) may also elect to apply the short-term exemptions from restating comparative information set out in AASB 1053 *Application of Tiers of Australian Accounting Standards* Appendix E, where applicable. For entities that apply that relief, references to the 'date of transition to Australian Accounting Standards' in this Standard shall mean the beginning of the first Australian-Accounting-Standards reporting period.

Aus12.2 A not-for-profit entity that is applying AASB 1060 for the first time may elect to apply the exemptions from restating comparative information set out in Appendix F of AASB 1053. For

entities that apply that relief, references to the 'date of transition to Australian Accounting Standards' in this Standard shall mean the beginning of the first Australian-Accounting-Standards reporting period.

Amendments to AASB 2 *Share-based Payment*

17 Paragraph AusCF1 is amended and paragraph Aus63E.1 is added as follows. Paragraph 63E is not amended but has been included for ease of reference. Footnotes to the text are not reproduced:

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

…

63E AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2019, added paragraph AusCF1 and amended the footnote to the definition of an equity instrument in Appendix A. An entity shall apply the amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2019-1. An entity shall apply the amendments to AASB 2 retrospectively, subject to (in the case of the amendment to Appendix A) the transitional provisions in paragraphs 53–59 of this Standard, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.[4B] However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 2 by reference to paragraphs 23–28, 50–53 and 54F of AASB 108.

Aus63E.1 AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*, issued in April 2026, amended paragraph AusCF1. An entity shall apply those amendments for annual periods beginning on or after 1 July 2029. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2026-2. An entity shall apply the amendments to AASB 2 retrospectively, subject to (in respect of the change in the definition of a liability) the transitional provisions in paragraphs 53–59 of this Standard, in accordance with AASB 108. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 2 by reference to paragraphs 23–27, 28, 50–53 and Aus54F.1 of AASB 108.

Amendments to AASB 3 *Business Combinations*

18 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

19 Paragraph Aus64Q.1 is added as follows. Paragraph 64Q is not amended but included for ease of reference:

64Q AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments*, issued in June 2020, amended paragraphs 11, 14, 21, 22 and 23 and added paragraphs AusCF11, 21A, 21B, AusCF21B, 21C and 23A. An entity shall apply those

amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in May 2019.

Aus64Q.1 AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*, issued in April 2026, amended paragraph AusCF1. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2029. Earlier application is permitted if at the same time the entity also applies all other amendments made by AASB 2026-2.

Amendments to AASB 6 *Exploration for and Evaluation of Mineral Resources*

20 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF paragraphs included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs.

21 Paragraph Aus26A.1 is added as follows. Paragraphs 10, AusCF10 and 26A are not amended but have been included for ease of reference. Footnotes to the text are not reproduced:

10 Expenditures related to the development of mineral resources shall not be recognised as exploration and evaluation assets. The *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*) and AASB 138 *Intangible Assets* provide guidance on the recognition of assets arising from development.

AusCF10 Notwithstanding paragraph 10, in respect of AusCF entities, expenditures related to the development of mineral resources shall not be recognised as exploration and evaluation assets. The *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*) and AASB 138 *Intangible Assets* provide guidance on the recognition of assets arising from development.

…

26A AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2019, added AusCF paragraphs and amended paragraph 10. An entity shall apply the amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2019-1. An entity shall apply the amendments to AASB 6 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.[1] However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 6 by reference to paragraphs 23–28, 50–53 and 54F of AASB 108.

Aus26A.1 AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*, issued in April 2026, amended paragraph AusCF1. An entity shall apply those amendments for annual periods beginning on or after 1 July 2029. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2026-2. An entity shall apply the amendment to AASB 6 retrospectively in accordance with AASB 108. However, if an entity determines that retrospective application of paragraph 10 would be impracticable or would involve undue cost or effort, it shall apply that paragraph by reference to paragraphs 23–27, 28, 50–53 and Aus54F.1 of AASB 108.

Amendments to AASB 7 *Financial Instruments: Disclosures*

22 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 8 *Operating Segments*

23 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 9 *Financial Instruments*

24 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 10 *Consolidated Financial Statements*

25 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF paragraphs included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs.

Amendments to AASB 12 *Disclosure of Interests in Other Entities*

26 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 14 *Regulatory Deferral Accounts*

27 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

Amendments to AASB 17 *Insurance Contracts*

28 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 18 *Presentation and Disclosure in Financial Statements*

29 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

30 Paragraph Aus129.1 is added and paragraph AusCF129.2 is deleted. Paragraphs 129 and AusCF129.1 are not amended but have been included for ease of reference:

Capital

…

129 An entity may manage capital in a number of ways and be subject to a number of different capital requirements. For example, a conglomerate may include entities that undertake insurance activities and banking activities and those entities may operate in several jurisdictions. When an aggregate disclosure of capital requirements and how capital is managed would not provide useful information or would distort a financial statement user's understanding of an entity's capital resources, the entity shall disclose separate information for each capital requirement to which the entity is subject.

Aus129.1 A not-for-profit entity need not present the disclosures required by paragraphs 126–129.

AusCF129.1 In respect of AusCF entities, an entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is not a reporting entity need not present the disclosures required by paragraphs 126–129.

~~AusCF129.2 Notwithstanding paragraph AusCF129.1, in respect of AusCF entities, a not-for-profit entity need not present the disclosures required by paragraphs 126–129.~~

31 In Appendix A, the defined terms 'government', 'government department' and 'local government' and the related preamble are deleted.

Amendments to AASB 108 *Basis of Preparation of Financial Statements*

32 Paragraph AusCF1 is amended and paragraph Aus54F.1 is added as follows. Paragraphs 11, AusCF11 and 54F are not amended but have been included for ease of reference. Footnotes to the text are not reproduced:

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

…

Selection and application of accounting policies

…

11 In making the judgement described in paragraph 10, management shall refer to, and consider the applicability of, the following sources in descending order:

(a) the requirements in Australian Accounting Standards dealing with similar and related issues; and

(b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the *Conceptual Framework*.[2]

AusCF11 Notwithstanding paragraph 11, in respect of AusCF entities, in making the judgement described in paragraph 10, management shall refer to, and consider the applicability of, the following sources in descending order:

(a) the requirements in Australian Accounting Standards dealing with similar and related issues; and

(b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the *Framework*.

…

Effective date and transition

…

54F AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2019, added AusCF paragraphs and amended paragraph 11(b). An entity shall apply those amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2019-1. An entity shall apply paragraph 11 retrospectively in accordance with this Standard. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply paragraph 11 by reference to paragraphs 23–28 of this Standard. If retrospective application of any amendment in AASB 2019-1 would involve undue cost or effort, an entity shall, in applying paragraphs 23–28 of this Standard, read any reference except in the last sentence of paragraph 27 to 'is impracticable' as 'involves undue cost or effort' and any reference to 'practicable' as 'possible without undue cost or effort'.

Aus54F.1 AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*, issued in April 2026, amended paragraph AusCF1. An entity shall apply those amendments for annual periods beginning on or after 1 July 2029. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2026-2. If a not-for-profit entity applying AASB 2026-2 determines that retrospective application of paragraph 11 would be impracticable or would involve undue cost or effort, it shall apply paragraph 11 by reference to paragraphs 23–27 and 28 of this Standard. In addition, if retrospective application of any amendment in AASB 2019-1 would involve undue cost or effort, an entity shall, in applying paragraphs 23–27 and 28 of this Standard, read any reference except in the last sentence of paragraph 27 to 'is impracticable' as 'involves undue cost or effort' and any reference to 'practicable' as 'possible without undue cost or effort'.

Amendments to AASB 110 *Events after the Reporting Period*

33 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 112 *Income Taxes*

34 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 116 *Property, Plant and Equipment*

35 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 119 *Employee Benefits*

36 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 121 *The Effects of Changes in Foreign Exchange Rates*

37 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 124 *Related Party Disclosures*

38 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 128 *Investments in Associates and Joint Ventures*

39 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 132 *Financial Instruments: Presentation*

40 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 133 *Earnings per Share*

41 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 134 *Interim Financial Reporting*

42 Paragraph AusCF1 is amended and paragraph Aus58.1 is added as follows. Paragraphs 31, AusCF31, 33, AusCF33, 58 and B23 are not amended but have been included for ease of reference. Footnotes to the text are not reproduced:

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

…

Same accounting policies as annual

…

31 Under the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*) (as identified in AASB 1048 *Interpretation of Standards*), recognition is the process of capturing, for inclusion in the statement of financial position or the statement(s) of financial performance, an item that meets the definition of one of the elements of the financial statements. The definitions of assets, liabilities, income, and expenses are fundamental to recognition, at the end of both annual and interim financial reporting periods.

AusCF31 Notwithstanding paragraph 31, in respect of AusCF entities, under the *Framework for the Preparation and Presentation of Financial Statements* (the *Framework*) (as identified in AASB 1048 *Interpretation of Standards*)[AusCF3], recognition is the 'process of incorporating in the balance sheet or income statement an item that meets the definition of an element and satisfies the criteria for recognition'. The definitions of assets, liabilities, income, and expenses are fundamental to recognition, at the end of both annual and interim financial reporting periods.

…

33 An essential characteristic of income (revenue) and expenses is that the related inflows and outflows of assets and liabilities have already taken place. If those inflows or outflows have taken place, the related revenue and expense are recognised; otherwise they are not recognised. The *Conceptual Framework* does not allow the recognition of items in the statement of financial position which do not meet the definition of assets or liabilities.

AusCF33 Notwithstanding paragraph 33, in respect of AusCF entities, an essential characteristic of income (revenue) and expenses is that the related inflows and outflows of assets and liabilities have already taken place. If those inflows or outflows have taken place, the related revenue and expense are recognised; otherwise they are not recognised. The *Framework* says that 'expenses are recognised in the income statement when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably … [The] *Framework* does not allow the recognition of items in the balance sheet which do not meet the definition of assets or liabilities.'

…

Effective date

…

58 AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2019, added AusCF paragraphs and amended paragraphs 31, 33 and B23. An entity shall apply those amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2019-1. An entity shall apply the amendments to AASB 134 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.[3B] However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 134 by reference to paragraphs 43–45 of this Standard and paragraphs 23–28, 50–53 and 54F of AASB 108.

Aus58.1 AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*, issued in April 2026, amended paragraph AusCF1. An entity shall apply those amendments for annual periods beginning on or after 1 July 2029. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2026-2. If a not-for-profit entity applying AASB 2026-2 determines that retrospective application of paragraphs 31 and 33 would be impracticable or would involve undue cost or effort, it shall apply the amendments to paragraphs 31 and 33 by reference to paragraphs 43–45 of this Standard and paragraphs 23–27, 28, 50–53 and Aus54F.1 of AASB 108.

…

Contractual or anticipated purchase price changes

B23 Volume rebates or discounts and other contractual changes in the prices of raw materials, labour, or other purchased goods and services are anticipated in interim periods, by both the payer and the

recipient, if it is probable that they have been earned or will take effect. Thus, contractual rebates and discounts are anticipated but discretionary rebates and discounts are not anticipated because the resulting asset or liability would not satisfy the conditions in the *Framework*[4] that an asset must be a resource controlled by the entity as a result of a past event and that a liability must be a present obligation whose settlement is expected to result in an outflow of resources.

Amendments to AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*

43 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 139 *Financial Instruments: Recognition and Measurement*

44 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 140 *Investment Property*

45 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 141 *Agriculture*

46 Paragraph AusCF1 is added before paragraph 1 as follows:

AusCF1 AusCF entities are entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*). For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. Entities applying the

Conceptual Framework for Financial Reporting are set out in paragraph Aus1.1 of the *Conceptual Framework.*

Amendments to AASB 1048 *Interpretation of Standards*

47 Paragraphs AusCF1, 10 and AusCF10 are amended as follows:

AusCF1 AusCF paragraphs included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in this Standard).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs.

…

10 Each reference to the *Conceptual Framework for Financial Reporting* (or *Conceptual Framework*) in other Australian Accounting Standards (including Interpretations) is taken to be a reference to the relevant pronouncement listed in Table 3 below. Each row in Table 3 is to be treated as a separate provision of this Standard.

Table 3: Australian conceptual framework pronouncements

Issue Date	**Title**	**Application Date** (annual reporting periods)
April 2026 [as amended to]	Conceptual Framework for Financial Reporting (or Conceptual Framework) *Note* – entities applying the Conceptual Framework are set out in paragraph Aus1.1 of the Conceptual Framework	(beginning) 1 July 2029
December 2021 [as amended to]	Conceptual Framework for Financial Reporting (or Conceptual Framework) *Note* – for-profit entities applying the Conceptual Framework are set out in paragraph Aus1.1 of the Conceptual Framework	(beginning) 1 January 2022

AusCF10 Notwithstanding paragraph 10, in respect of AusCF entities, each reference to the *Framework for the Preparation and Presentation of Financial Statements* (or *Framework*) in other Australian Accounting Standards (including Interpretations) is taken to be a reference to the relevant pronouncement listed in Table AusCF3 below. Each row in Table AusCF3 is to be treated as a separate provision of this Standard.

Table AusCF3: Australian conceptual framework pronouncements

Issue Date	**Title**	**Application Date** (annual reporting periods)
April 2026 [as amended to]	Framework for the Preparation and Presentation of Financial Statements (or Framework)	(beginning) 1 July 2029
March 2020 [as amended to]	Framework for the Preparation and Presentation of Financial Statements (or Framework)	(beginning) 1 July 2021

Amendments to AASB 1052 *Disaggregated Disclosures*

48 Paragraph AusCF2 is added as follows:

AusCF2 AusCF entities are entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*). For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB 1053 *Application of Tiers of Australian Accounting Standards*

49 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

50 Paragraph 20A is renumbered as 20C and amended as follows. The related heading is not amended but has been included for ease of reference:

Reapplication of Tier 2 Reporting Requirements in Initial Consolidated Financial Statements

20~~A~~C An entity that is either a ~~A~~ for-profit private sector entity or a not-for-profit entity and that:

(a) prepared its most recent previous annual financial statements in compliance with Tier 2 reporting requirements, including an explicit and unreserved statement of compliance with Tier 2 reporting requirements;

(b) did not present consolidated financial statements, on the basis that neither the parent nor the group was a reporting entity (as defined in AASB 1057); and

(c) is preparing consolidated financial statements for the first time in compliance with Tier 2 – Simplified Disclosures;

shall apply either:

(d) all the relevant requirements of AASB 1; or

(e) Tier 2 reporting requirements directly using the requirements in AASB 108.

51 Appendix F is added as follows:

Appendix F
Exemptions for not-for-profit entities applying Tier 2 – Simplified Disclosures for the first time

This appendix is an integral part of AASB 1053.

F1 This appendix sets out optional exemptions for not-for-profit entities applying AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* for the first time in accordance with paragraph 18A or 26 of this Standard, as follows:

(a) relief from distinguishing the correction of errors and changes in accounting policy (see paragraph F3);

(b) relief from presenting comparative information not previously disclosed in the notes (see paragraph F4); and

(c) relief from restating comparative information (see paragraphs F5–F7).

F2 If an entity applies one or more of the exemptions set out in this appendix in its first Australian-Accounting-Standards financial statements (Tier 2), it shall disclose that fact.

Relief from distinguishing the correction of errors and changes in accounting policy

F3 Notwithstanding paragraphs 211 (for entities applying AASB 1 *First-time Adoption of Australian Accounting Standards* to the period) and 110 (for entities applying AASB 108 *Basis of Preparation of Financial Statements* instead of AASB 1) of AASB 1060, an entity applying paragraphs 18A(a), 18A(b) or 26 of AASB 1053 need not distinguish the correction of errors and changes in accounting policies if the entity becomes aware of errors in its most recent previous financial statements.

Relief from presenting comparative information not previously disclosed in the notes

F4 Notwithstanding paragraph 20 of AASB 1060, an entity need not present comparative information in the notes for the information required by AASB 1060 if the entity did not disclose that information in its most recent previous financial statements.

Relief from restating comparative information

F5 Paragraphs F6–F7 apply only to a not-for-profit entity that applies AASB 1 in preparing its first Australian-Accounting-Standards financial statements (Tier 2).

F6 Notwithstanding paragraph 7 of AASB 1, an entity need not restate comparative information in the entity's first Australian-Accounting-Standards financial statements (Tier 2). Under this approach, references to the 'date of transition to Australian Accounting Standards' in AASB 1 shall mean the beginning of the first Australian-Accounting-Standards reporting period. Consequently, consistent with paragraph 11 of AASB 1, the entity shall recognise adjustments arising from any differences between the carrying amounts in its most recent previous financial statements and its opening carrying amounts based on the retrospective application of Australian Accounting Standards directly in retained earnings (or, if appropriate, another category of equity) at the beginning of the first Australian-Accounting-Standards reporting period.

F7 An entity that elects to not restate comparative information in its first Australian-Accounting-Standards financial statements (Tier 2) in accordance with paragraph F6 need not provide the reconciliations required by AASB 1060 paragraphs 210(b) and (c). The entity shall:

(a) present two statements of financial position, two statements of profit or loss and other comprehensive income, two separate statements of profit or loss (if presented), two statements of cash flows and two statements of changes in equity and related notes, as follows:

(i) the statements and related notes as at the end of the first Australian-Accounting-Standards reporting period, compliant with Tier 2 reporting requirements; and

(ii) the statements and related notes presented in its most recent previous financial statements (not necessarily compliant with Australian Accounting Standards);

(b) disclose a reconciliation of its equity presented in its most recent previous financial statements to its equity determined in accordance with Tier 2 reporting requirements at the date of transition to Tier 2 reporting requirements;

(c) disclose a description of the main adjustments that would have been required to make the comparative statement of profit or loss and other comprehensive income and separate statement of profit or loss (if presented) compliant with Tier 2 reporting requirements. The entity need not quantify those adjustments; and

(d) prominently label the comparative information that is not compliant with Tier 2 reporting requirements as such.

Amendments to AASB 1054 *Australian Additional Disclosures*

52 The table in paragraph 2 is amended, and a footnote added, as follows:

2 The following table identifies the disclosure requirements that, in accordance with this Standard, apply to each type of entity to which this Standard applies:

Type of entity to which the paragraph is applicable	Subject of paragraphs	Paragraph numbers
Entities preparing general purpose financial statements		
For-profit entities and not-for-profit entities, whether in the private sector or the public sector	Compliance with Australian Accounting Standards	7
	Reporting framework	8
	General purpose or special purpose financial statements	9
	Audit fees	10, 11
	Imputation credits	12–15
	Operating cash flow reconciliation	16
	IFRS Standard not yet issued in Australia	17
Entities preparing special purpose financial statements[1]		
For-profit private sector entities required only by their constituting document or another document (created before 1 July 2021 and not amended on or after that date) to prepare financial statements that comply with Australian Accounting Standards	Reporting framework	8
	General purpose or special purpose financial statements	9
	Information about special purpose financial statements	9C, 9D
~~Not-for-profit private sector entities required to comply with this Standard~~ Not-for-profit private sector entities required only by their constituting document or another document (created before 1 July 2029 and not amended on or after that date) to prepare financial statements that comply with Australian Accounting Standards	~~Compliance with Australian Accounting Standards~~	~~7~~
	Reporting framework	8
	General purpose or special purpose financial statements	9
	Information about special purpose financial statements	9A, 9B
	~~Audit fees~~	~~10, 11~~
	~~Imputation credits~~	~~12–15~~
	~~Operating cash flow reconciliation~~	~~16~~
	~~IFRS Standard not yet issued in Australia~~	~~17~~

1 These entities may elect to prepare general purpose financial statements instead.

53 Paragraph 9A is amended as follows:

Information about special purpose financial statements

9A ~~A not-for-profit private sector entity that prepares special purpose financial statements~~ The special purpose financial statements of a not-for-profit private sector entity that is required only by its constituting document or another document to prepare financial statements that comply with Australian Accounting Standards shall:

(a) disclose the basis on which the decision to prepare special purpose financial statements was made;

(b) disclose the following about the material accounting policies applied in the special purpose financial statements, if not already required by another Australian Accounting Standard:

(i) the measurement basis (or bases) applied in preparing the special purpose financial statements; and

(ii) the other accounting policies applied that are relevant to an understanding of the special purpose financial statements;

(c) when a change in a material accounting policy has an effect on the current period or any prior period, disclose the following, if not already required by another Australian Accounting Standard:

(i) the nature of the change in accounting policy;

(ii) the reasons why applying the new accounting policy provides reliable and more relevant information;

(iii) to the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately:

(A) for the current period;

(B) for each prior period presented; and

(C) in the aggregate for periods before those presented; and

(iv) an explanation if it is impracticable to determine the amounts to be disclosed under paragraph (iii).

Financial statements of subsequent periods need not repeat these disclosures;

(~~b~~d) where the entity has interests in other entities – disclose either:

(i) whether ~~or not~~ its subsidiaries and investments in associates or joint ventures have been consolidated or equity accounted in a manner consistent with the requirements set out in AASB 10 *Consolidated Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*, as appropriate. If the entity has not consolidated its subsidiaries or equity accounted its investments in associates or joint ventures consistently with those requirements, it shall disclose that fact, and the reasons why; or

(ii) that the entity has not determined whether its interests in other entities give rise to interests in subsidiaries, associates or joint ventures, provided it is not required by legislation to make such an assessment for the purpose of assessing its financial reporting requirements and has not made such an assessment;

(~~e~~e) for each material accounting policy applied and disclosed in the financial statements that does not comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128), disclose an indication of how it does not comply; or if such an assessment has not been made, disclose that fact; and

(~~d~~f) disclose whether ~~or not~~ the financial statements overall comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128) or that such an assessment has not been made.

54 Paragraphs IG1–IG3 are amended as follows:

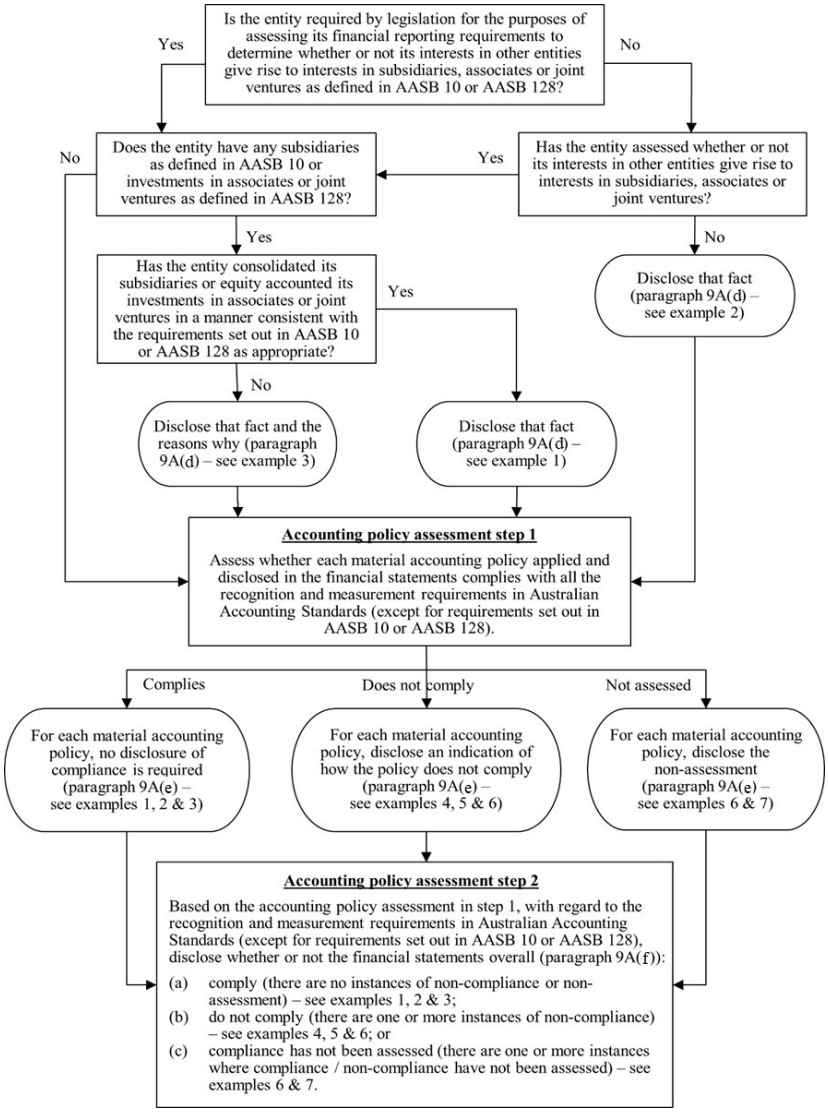
IG1 The AASB has prepared this guidance and examples to explain and illustrate the application of the requirements in paragraph 9A of this Standard ~~and their relationship to the requirements in AASB 18 *Presentation and Disclosure in Financial Statements* for the disclosure of a not-for-profit private sector entity's material accounting policy information. These requirements apply to entities applying this Standard, including those required by legislation to comply. An entity preparing special purpose financial statements that is not specifically required to comply with AASB 1054 may elect not to comply with these requirements, however, is encouraged to do so~~.

IG2 The table below has been provided for ease of reference to illustrate the types of entities that would generally be ~~generally~~ within or outside the scope of the requirements in paragraph 9A of this Standard~~, but some entities may have different specific requirements~~.

#	Entity	In scope/out of scope of paragraph 9A
1	**For-profit private and for-profit public sector entities preparing special purpose financial statements**	Not in scope
2	**Not-for-profit private sector entities**	
	Not-for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards – provided that the relevant document was created before 1 July 2029 and not amended on or after that date *eg a trust established in 2024 with no amendments to the relevant document on or after 1 July 2029*	In scope. Additionally, paragraphs 8–9 apply
	Not-for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards – but the relevant document was created or amended on or after 1 July 2029 *eg a trust established in 2024 but the relevant document is amended on or after 1 July 2029*	Not in scope – compliance with Australian Accounting Standards results in the entity preparing general purpose financial statements
	Not-for-profit private sector entities that are required only by their constituting document or another document to prepare financial statements that comply with accounting standards or generally accepted accounting principles or practices *eg a limited partnership whose partnership agreement does not clearly require the preparation of financial statements that comply with Australian Accounting Standards*	Not in scope – these entities are not within the scope of AASB 1054 (refer paragraph 18A of AASB 1057)
	Not-for-profit private sector entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards	Not in scope – compliance with the Standards requires general purpose financial statements
	~~*Charities registered with the Australian Charities and Not-for-profits Commission (ACNC)*~~	
	~~medium and large charities preparing special purpose financial statements and required to comply with the ACNC reporting requirements for such financial statements~~	~~In scope, must comply with AASB 1054~~
	~~small charities~~	~~Not in scope~~
	~~medium and large charities preparing special purpose financial statements and not required to comply with the ACNC reporting requirements for such financial statements~~	~~Not in scope~~
	~~*Not-for-profit entities not registered with ACNC*~~	
	~~lodging special purpose financial statements with the Australian Securities and Investments Commission (ASIC) under the *Corporations Act 2001* (eg companies limited by guarantee)~~	~~In scope, must comply with AASB 1054~~
	~~required by Federal or State/Territory legislation to prepare financial statements in accordance with Australian Accounting Standards or accounting standards (eg incorporated associations, co-operatives and charitable fundraising organisations), that are preparing special purpose financial statements and not specifically required to comply with AASB 1054~~	~~Not in scope~~
3	~~**Other not-for-profit entities, including not-for-profit public sector entities, entities not specified above and entities not required to comply with AASB 1054 by legislation or otherwise**~~ **Not-for-profit public sector entities preparing special purpose financial statements**	Not in scope

IG3 The following flowchart summarises some of the key decisions in determining how to apply the disclosure requirements in paragraph 9A(d)-(f) of this Standard in relation to special purpose financial statements.

55 The paragraph references in Chart 1 (following paragraph IG4) are amended to read as follows:



56 Paragraph IG5 is amended and paragraph IG5A is added as follows:

IG5 ~~Not-for-profit private sector entities required to apply AASB 1054 in their special purpose financial statements (including those lodged with ASIC or the ACNC), whether consolidated or unconsolidated, are also required to apply AASB 18 and AASB 108 *Basis of Preparation of Financial Statements*, including:~~

~~(a) paragraph 6A of AASB 108, which requires the fair presentation of financial statements;~~

~~(b) paragraphs 10-12 of AASB 108, which address the selection of accounting policies in the absence of an Australian Accounting Standard that specifically applies to a transaction, other event or condition; and~~

~~(c) paragraph 27A of AASB 108, which requires disclosure of material accounting policy information comprising the measurement basis (or bases) and the other accounting policies used that are relevant to an understanding of the financial statements.~~

~~As a result,~~ Not-for-profit private sector entities preparing special purpose financial statements are required to include sufficient information to enable users of those special purpose financial statements to obtain an understanding of the material accounting policies applied in the preparation of the special purpose financial statements, including changes in those policies ~~adopted is required~~

~~to be disclosed. This includes where an entity has selected and applied accounting policies that differ from the recognition and measurement requirements in Australian Accounting Standards (except for requirements set out in AASB 10 *Consolidated Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*)~~.

IG5A The disclosure of this information may be required by another Australian Accounting Standard, such as AASB 18 *Presentation and Disclosure in Financial Statements* or AASB 108 *Basis of Preparation of Financial Statements*. Where this is the case, the entity also complies with the requirements of that other Standard.

57 Paragraphs IG6 and IG9–IG12 are amended as follows:

IG6 Paragraph 9A~~(c)~~(e) of this Standard requires an entity, for each material accounting policy applied and disclosed in the financial statements to first assess, based on already known information, whether that policy complies with the recognition and measurement requirements in Tier 1: Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128), does not comply, or compliance has not been assessed. An entity is not expected to perform a detailed assessment of recognition and measurement differences if that has not already been performed.

…

IG9 Based on the assessment in paragraph 9A~~(c)~~(e), paragraph 9A~~(d)~~(f) then requires an entity to disclose whether or not overall the material accounting policies applied and disclosed in the financial statements comply (that is there are no instances of non-compliance or non-assessment) (see Examples 1, 2 and 3 below) or do not comply (there are one or more instances of non-compliance) with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128) (see Examples 4, 5 and 6 below), or that an assessment has not been made (there are one or more instances of compliance / non-compliance not having been assessed) (see Examples 6 and 7 below).

IG10 ~~Based on the AASB's research, some of the most frequent~~ Some common examples of non-compliance with recognition and measurement requirements in Tier 1: Australian Accounting Standards include:

(a) ...

IG11 In relation to paragraph 9A~~(b)~~(d) of this Standard, information about the accounting for subsidiaries and investments in associates and joint ventures is fundamental for a user's understanding of the scope of the financial statements. Some entities are required to determine their financial reporting requirements based on the application of recognition and measurement requirements in Australian Accounting Standards, including consolidation~~, for example a proprietary company subject to section 45A of the *Corporations Act 2001* is required to determine whether it is a small or large proprietary company on a consolidated basis (ie the parent and the entities it controls (subsidiaries)) in accordance with the accounting standards even if the standards do not otherwise apply to some or all of the companies concerned~~. Other entities~~, typically lodging financial reports with the ACNC,~~ make their assessments based on individual entity circumstances only. In instances where legislation does not require assessment on a consolidated basis, and an entity has not made an assessment of whether its interests in other entities are subsidiaries, associates or joint ventures, an entity shall make a statement that they have not been assessed (see Example 2 below).

IG12 Exemptions from consolidation of subsidiaries are provided in AASB 10, paragraphs 4(a) and Aus4.1 (as modified by paragraph Aus4.2), including when the entity is a wholly-owned subsidiary and its ultimate parent produces consolidated financial statements that are available for public use and comply with accounting standards. ~~Directors~~ Those charged with governance preparing special purpose financial statements might have other reasons for non-consolidation of some or all of an entity's subsidiaries, and paragraph 9A~~(b)~~(d) requires these reasons to be disclosed (see Example 3 below).

58 A heading is added above paragraph IG13, and the table in paragraph IG13 is amended as follows:

Illustrative examples

IG13 The following illustrative examples are provided:

Scenario/Example		1	2	3	4	5	6	7
Reporting Framework	~~**ACNC**~~ **Trust deed**	~~✓~~	✓	✓		✓		✓

Scenario/Example		1	2	3	4	5	6	7
	~~Corporations Act 2001~~ Other document	✓			✓		✓	
Subsidiaries	Yes	✓	Not assessed	✓				
	No				✓	✓	✓	✓
Consolidated	Yes	✓	n/a		n/a	n/a	n/a	n/a
	No							
	Partially			✓				
Associates / Joint Ventures	Yes	✓	Not assessed	✓				
	No				✓	✓	✓	✓
Equity accounted	Yes	✓			n/a	n/a	n/a	n/a
	No		✓					
	Partially			✓				
Material accounting policies comply with all recognition and measurement requirements (except for AASB 10 or AASB 128)	Yes	✓	✓	✓				
	No				✓	✓	✓	
	Not assessed						✓	✓
Financial statements overall comply with all recognition and measurement requirements (except for AASB 10 or AASB 128)	Yes	✓	✓	✓				
	No				✓	✓	✓	
	Not assessed							✓

59 Paragraph IG14 and the illustrative examples that follow the paragraph are amended as follows:

IG14 The following examples illustrate how an entity might apply the disclosure requirements in paragraph 9A of this Standard ~~within the context of the requirements in AASB 101 and AASB 108 referred to in paragraph IG5 above to the special purpose financial statements they prepare~~, on the basis of the limited facts presented. Although some aspects of the examples might be present in actual fact patterns, all relevant facts and circumstances of a particular fact pattern need to be evaluated when applying ~~disclosure requirements of this~~ the Standard.

#	Example	Illustrative disclosure
1	*Compliance with all recognition and measurement requirements in Tier 1: Australian Accounting Standards including AASB 10 and AASB 128* ~~Charity A Inc~~ ABC Building Fund, a not-for-profit parent, prepares consolidated special purpose financial statements that: • consolidate all its subsidiaries in a manner consistent with the requirements set out in AASB 10; • equity account all its investments in associates and joint ventures in a manner consistent with the requirements set out in AASB 128; and • apply accounting policies that comply with all the recognition and	~~Charity A Inc~~ ABC Building Fund is a not-for-profit entity. The ~~Members of the Governing / Management Committee~~ responsible officers of the Fund are of the opinion that there are unlikely to be users of these financial statements who are not in a position to require the preparation of reports tailored to their information needs ~~the Association is not a reporting entity as users may obtain the financial information they require upon request~~. These special purpose financial statements have therefore been prepared in order to meet the requirements of the terms that established the Fund ~~[*Australian Charities and Not-for-profits Commission Act 2012* / insert further details of the not-for-profit reporting framework under which the financial statements are prepared]~~. ~~Charity A Inc~~ ABC Building Fund has consolidated all its subsidiaries consistent with the requirements set out in AASB 10 *Consolidated Financial Statements* and equity accounted for its investments in associates and joint ventures in a manner consistent with the requirements set out in AASB 128 *Investments in Associates and Joint Ventures*.

#	Example	Illustrative disclosure
	measurement requirements in Tier 1: Australian Accounting Standards.	These consolidated special purpose financial statements comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards.
2	*Compliance with all recognition and measurement requirements in Tier 1: Australian Accounting Standards except for AASB 10 and AASB 128 (interests in other entities not assessed)* ~~Charity B Inc~~ DEF Trust, a not-for-profit entity, prepares special purpose financial statements that: • do not consolidate or equity account any entities as ~~Charity B Inc~~ DEF Trust did not determine whether its interests in other entities give rise to interests in subsidiaries or investments in associates or joint ventures; and • apply accounting policies that comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards. The legislative framework in which ~~Charity B Inc~~ DEF Trust operates does not require it to identify subsidiaries, associates or joint ventures to determine its financial reporting requirements.	~~Charity B Inc~~ DEF Trust is a not-for-profit entity. It has prepared special purpose financial statements as ~~I~~in the opinion of the ~~Management Committee~~ trustee, ~~Charity B Inc is not a reporting entity as its users may~~ it is unlikely that there are users of these financial statements who are not in a position to request the financial information they need. These special purpose financial statements have been prepared to satisfy the trustee's reporting requirements under the trust deed ~~for distribution to members and for the purposes of fulfilling the reporting requirements under the [*Australian Charities and Not-for-profits Commission Act 2012* / insert further details of the not-for-profit reporting framework under which the financial statements are prepared]~~. ~~Charity B Inc~~ DEF Trust has not assessed whether it has relationships with other entities which, for financial reporting purposes, might be considered subsidiaries, associates or joint ventures as it is not required by ~~the [*Australian Charities and Not-for-profits Commission Act 2012*]~~ any relevant legislative framework to do so. These special purpose financial statements comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards (except for the requirements set out in AASB 10 *Consolidated Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*).
3	*Compliance with all recognition and measurement requirements in Tier 1: Australian Accounting Standards except for AASB 10 and AASB 128 (some subsidiaries not consolidated and some associates and joint ventures not equity accounted)* ~~MNO Ltd, a parent that is a charity,~~ GHI as trustee of the GHI Association prepares partially consolidated special purpose financial statements that: • consolidate some but not all of its subsidiaries (and are therefore inconsistent with the requirements set out in AASB 10); • do not equity account all its investments in associates and investments in joint ventures in a manner consistent with the requirements set out in AASB 128; and • apply accounting policies to those partially consolidated financial statements that comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards (except for requirements set out in AASB 10 or AASB 128).	~~MNO Ltd~~ GHI as Trustee of the GHI Association, a not-for-profit entity, has prepared special purpose financial statements for the GHI Association. ~~as, i~~In the opinion of the ~~Directors~~ trustee, it is unlikely there are users of these financial statements who are not in a position to require the preparation of reports tailored to their information needs. Accordingly, these financial statements have been prepared to satisfy the ~~Directors'~~ trustee's reporting requirements under the ~~[*Australian Charities and Not-for-profits Commission Act 2012* / insert further details of the not-for-profit reporting framework under which the financial statements are prepared]~~ trust deed. These financial statements do not consolidate all of ~~MNO Ltd's~~ GHI's subsidiaries or equity account all its investments in associates and investments in joint ventures as the ~~Directors [did not perform a detailed assessment of all of MNO Ltd's relationships with other entities, and instead~~ trustee has elected to only consolidate those entities in which ~~MNO Ltd~~ GHI has a 100% ownership interest and equity account for selected investments in associates and joint ventures. ~~in / insert an explanation of why some subsidiaries, associates and joint ventures are not consolidated / equity accounted.]~~ ~~MNO Ltd's~~ The partially consolidated special purpose financial statements comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards (except for the requirements set out in AASB 10 *Consolidated Financial Statements* or AASB 128 *Investments in Associates and Joint Ventures*).
4	*Known non-compliance with all recognition and measurement requirements in Tier 1: Australian Accounting Standards that is **not** extensive* XYZ Twins ~~Ltd~~, a not-for-profit entity that is ~~not a charity~~ a partnership,	XYZ ~~Ltd~~ Twins, a not-for-profit entity, has prepared special purpose financial statements ~~as, in the opinion of the Directors, it is unlikely there are users of these financial statements who are not in a position to require the preparation of reports tailored to their information needs. Accordingly, these financial statements have been prepared~~ to satisfy the ~~Directors'~~ partners' reporting

#	Example	Illustrative disclosure
	determined that it does not have any subsidiaries~~,~~ or investments in associates or joint ventures (and therefore requirements set out in AASB 10 and AASB 128 are not applicable) and prepares special purpose financial statements that apply material accounting policies that do not comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards. The differences are not extensive.	requirements under the ~~*Corporations Act 2001*~~ partnership agreement. These special purpose financial statements do not comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards. The recognition and measurement requirements that have not been complied with are those specified in AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* as, in accounting for income, recognition of all grant income has been deferred [until the related expenses are incurred without assessing whether there are enforceable performance obligations to transfer a good or service to a third party which are sufficiently specific to know when the performance obligation has been satisfied] / [where the grant is for multi-years without assessing whether there is a performance obligation or the grantor retains control of the remainder of the grant at the end of each year] / insert further details including an indication of how material recognition and measurement requirements in Tier 1: Australian Accounting Standards have not been complied with].
5	*Known non-compliance with all recognition and measurement requirements in Tier 1: Australian Accounting Standards that **is** extensive* ~~Charity D Inc~~ JKL Family Trust, a not-for-profit entity, does not have any subsidiaries~~,~~ or investments in associates or joint ventures (and therefore requirements set out in AASB 10 and AASB 128 are not applicable) and prepares special purpose financial statements that apply material accounting policies that do not comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards. Although the differences have not been quantified, they are extensive and an indication of the differences ~~are~~ is presented with the appropriate note disclosing the accounting policy.	~~Charity D Inc~~ JKL Family Trust, a not-for-profit entity, has prepared special purpose financial statements as, in the opinion of the ~~Management Committee~~ trustees, it is unlikely there are users of these financial statements who are not in a position to require the preparation of reports tailored to their information needs. Accordingly, these financial statements have been prepared to satisfy the ~~Management Committee's~~ trustees' reporting requirements under the ~~[*Australian Charities and Not-for-profits Commission Act 2012* / insert further details of the not-for-profit reporting framework under which the financial statements are prepared]~~ trust deed. These special purpose financial statements do not comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards. [The material accounting policies adopted in the special purpose financial statements are set out in notes X-Y and indicate how the recognition and measurement requirements in Tier 1: Australian Accounting Standards have not been complied with. … Note X: Revenue … ~~All grant income has been deferred upon receipt and not recognised as revenue until the related expenses are incurred, without assessing whether enforceable performance obligations exist~~ Trust income is recognised on a cash basis. This does not comply with AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities.* … Note Y: Employee Benefits … Long-term provision recognised for long-service leave has been measured on the undiscounted basis which does not comply with AASB 119 *Employee Benefits.* …]
6	*At least one material accounting policy not assessed for compliance with recognition and measurement requirements in Tier 1: Australian Accounting Standards (combined with known non-compliance with recognition and measurement requirements in Tier 1: Australian Accounting Standards)* MLK Pty Ltd, a not-for-profit ~~entity~~ small proprietary company, does not have any subsidiaries~~,~~ or investments in	MLK Pty Ltd is a not-for-profit entity. In the opinion of the directors ~~Charity E Ltd is not a reporting entity as its users may request the financial information they need~~ it is unlikely that there are users of these financial statements who are not in a position to require the preparation of reports tailored to their information needs. These special purpose financial statements have been prepared for distribution to ~~members and for the purposes of fulfilling the requirements of the *Corporations Act 2001*~~ shareholders as required by the company charter.

#	Example	Illustrative disclosure
	associates or joint ventures (and therefore requirements set out in AASB 10 and AASB 128 are not applicable) and is required by its company charter to prepare financial statements for distribution to its shareholders. MLK Pty Ltd prepares special purpose financial statements that apply some material accounting policies that do not comply with the recognition and measurement requirements in Tier 1: Australian Accounting Standards and some material accounting policies that have not been assessed for compliance with the recognition and measurement requirements in Tier 1: Australian Accounting Standards.	These special purpose financial statements do not comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards. The material accounting policies adopted in the special purpose financial statements include: - [deferring all grant income upon receipt and not recognising ~~as~~ revenue until the related expenses are incurred, without assessing whether enforceable performance obligations exist, which does not comply with AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*; - insert further details including an indication of how material recognition and measurement requirements in Tier 1: Australian Accounting Standards have not been complied with]. The material accounting policies disclosed in note X that have not been assessed for compliance with the recognition and measurement requirements of Tier 1: Australian Accounting Standards include: - Long-service leave; and - Impairment of assets.
7	*At least one material accounting policy not assessed for compliance with recognition and measurement requirements in Tier 1: Australian Accounting Standards (all other material accounting policies comply with recognition and measurement requirements in Tier 1: Australian Accounting Standards)* Trust MNO ~~Charity F Inc~~, a not-for-profit entity, does not have any subsidiaries~~,~~ or investments in associates or joint ventures (and therefore requirements set out in AASB 10 and AASB 128 are not applicable) and prepares special purpose financial statements that apply some material accounting policies that have not been assessed for compliance with the recognition and measurement requirements in Tier 1: Australian Accounting Standards. All other material accounting policies comply with the recognition and measurement requirements in Tier 1: Australian Accounting Standards.	~~Charity F Inc~~ Trust MNO, a not-for-profit entity, has prepared special purpose financial statements as, in the opinion of the ~~Management Committee~~ trustee, it is unlikely there are users of these financial statements who are not in a position to require the preparation of reports tailored to their information needs. Accordingly, these financial statements have been prepared to satisfy the ~~Management Committee's~~ trustee's reporting requirements under ~~[the *Australian Charities and Not-for-profits Commission Act 2012* / insert details of the not-for-profit reporting framework under which the financial statements are prepared]~~ the trust deed. ~~Charity F Inc~~ Trust MNO has not assessed whether these special purpose financial statements comply with all the recognition and measurement requirements in Tier 1: Australian Accounting Standards. [The material accounting policies disclosed in note X that have not been assessed for compliance with Tier 1: Australian Accounting Standards include: - Recognition of income; and - Long-service leave.] OR [The material accounting policies adopted in the special purpose financial statements are set out in notes X-Y and indicate how they have not been assessed for compliance with the recognition and measurement requirements in Tier 1: Australian Accounting Standards. … Note X: Revenue ~~All grant income has been deferred upon receipt and not recognised as revenue until the related expenses are incurred, and~~ Trust income is recognised when receivable. This accounting policy has not been assessed for compliance with the recognition and measurement requirements in Tier 1: Australian Accounting Standards. … Note Y: Employee Benefits … Long-term provision recognised for long-service leave has been measured to reflect the ~~directors~~ trustee's best estimate of the amounts payable for those employees expected to achieve seven years of service at the reporting date, and has not been assessed for

#	Example	Illustrative disclosure
		compliance with the recognition and measurement requirements in Tier 1: Australian Accounting Standards.]

Amendments to AASB 1056 *Superannuation Entities*

60 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF paragraphs included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs.

61 Paragraphs AG28 and AusCFAG28 are amended as follows:

AG28 A receivable meeting the definition and recognition criteria for an asset in the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*) would be measured at its intrinsic value. That is, the difference between the defined benefit member liabilities and the amount of the other recognised assets held to meet those liabilities, unless the amount of the receivable is capped in some manner.

AusCFAG28 Notwithstanding paragraph AG28, in respect of AusCF entities, a receivable meeting the definition and recognition criteria for an asset in the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*) would be measured at its intrinsic value. That is, the difference between the defined benefit member liabilities and the amount of the other recognised assets held to meet those liabilities, unless the amount of the receivable is capped in some manner.

Amendments to AASB 1057 *Application of Australian Accounting Standards*

62 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

63 Paragraphs 2, 5, 7, 9, 10, 18, 18A, 19, 20, 20A, 22, 24 and 25 are amended as follows. Footnotes to the text are not reproduced:

Application of this Standard

2 This Standard applies to:

(a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;

~~**(b) *general purpose financial statements* of each not-for-profit *reporting entity*;**~~

~~**(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements;**~~

~~(d) financial statements of General Government Sectors (GGSs) prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*;~~

(e~~d~~b) for-profit private sector entities and not-for-profit entities that are required by legislation* to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; ~~and~~

(~~f~~c) other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards;

(d) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements; and

(e) financial statements of General Government Sectors (GGSs) prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

…

Application of Australian Accounting Standards

5 Unless specified otherwise in paragraphs 5A–21, Australian Accounting Standards apply to:

~~**(a) each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;**~~

~~**(b) general purpose financial statements of each other not-for-profit entity that is a reporting entity;**~~

~~**(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements;**~~

(~~d~~a) for-profit private sector entities and not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; ~~and~~

(e~~b~~b) other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029; and

(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements.

…

7 Except as specified in paragraph 20C, AASB 18 *Presentation and Disclosure in Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Basis of Preparation of Financial Statements* and AASB 1048 *Interpretation of Standards* apply to:

~~**(a) each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;**~~

~~**(b) general purpose financial statements of each not-for-profit entity that is a reporting entity;**~~

~~**(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements;**~~

(~~d~~a) for-profit private sector entities and not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; ~~and~~

(e~~b~~b) other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029; and

(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements.

…

9 AASB 133 *Earnings per Share* applies to:

(a) each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act ~~and that is a reporting entity~~ or that discloses earnings per share; and

(b) each for-profit private sector ~~entities~~ entity that ~~are~~ is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act or that discloses earnings per share.

10 AASB 134 *Interim Financial Reporting* applies to:

(a) each disclosing entity required to prepare half-year financial reports in accordance with Part 2M.3 of the Corporations Act;

~~(b) interim financial reports that are general purpose financial statements of each not-for-profit entity that is a reporting entity;~~

~~(c) each entity that elects to prepare interim financial reports that are, or are held out to be, general purpose financial statements;~~

(~~d~~b) interim financial reports of for-profit private sector entities and not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; ~~and~~

(~~e~~c) interim financial reports of other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029; and

(d) each entity that elects to prepare interim financial reports that are, or are held out to be, general purpose financial statements.

…

18 AASB 1053 *Application of Tiers of Australian Accounting Standards* applies to:

~~(a) each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the *Corporations Act*;~~

~~(b) general purpose financial statements of each not-for-profit entity that is a reporting entity;~~

~~(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements;~~

~~(d) financial statements of GGSs prepared in accordance with AASB 1049;~~

(~~e~~a) for-profit private sector entities and not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; ~~and~~

(~~f~~b) other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029;

(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements; and

(d) financial statements of GGSs prepared in accordance with AASB 1049.

18A **AASB 1054 *Australian Additional Disclosures* applies to:**

~~**(a) each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the *Corporations Act*;**~~

~~**(b) general purpose financial statements of each not-for-profit entity that is a reporting entity;**~~

~~**(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements;**~~

(~~d~~a) **for-profit private sector entities and not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; ~~and~~**

(~~e~~b) **other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards; and**

(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements.

19 **AASB 1055 *Budgetary Reporting* applies to:**

(a) **whole of government general purpose financial statements of each government;**

(b) **financial statements of each government's GGS;**

(c) **general purpose financial statements of each not-for-profit ~~reporting~~ entity within the GGS; and**

(d) **financial statements of each not-for-profit entity within the GGS that are, or are held out to be, general purpose financial statements.**

20 **AASB 1056 *Superannuation Entities* applies to:**

~~**(a) general purpose financial statements of each not-for-profit superannuation entity that is a reporting entity;**~~

~~**(b) each superannuation entity that elects to prepare financial statements that are held out to be general purpose financial statements;**~~

(~~e~~a) **for-profit private sector and not-for-profit superannuation entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; ~~and~~**

(~~d~~b) **other for-profit private sector and not-for-profit superannuation entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:**

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029; and

(c) each superannuation entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements.

20A **AASB 1058 *Income of Not-for-Profit Entities* applies to:**

(a) **each not-for-profit entity that is required ~~to prepare financial reports in accordance with Part 2M.3 of the *Corporations Act* and that is a reporting entity~~ by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards;**

(b) **~~general purpose financial statements of each other not-for-profit entity that is a reporting entity~~ each not-for-profit entity that is required only by its constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2029; and**

(c) **financial statements of a not-for-profit entity that are, or are held out to be, general purpose financial statements.**

…

Application of Australian Interpretations

22 **Unless specified otherwise in paragraphs 23–26, Interpretations apply to:**

~~(a) each not-for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;~~

~~(b) general purpose financial statements of each other not-for-profit entity that is a reporting entity;~~

~~(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements;~~

(~~d~~a) for-profit private sector entities and not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards~~,~~; ~~and~~

(e~~b~~) other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029; and

(c) each entity that elects to prepare financial statements that are, or are held out to be, general purpose financial statements.

…

24 **Interpretation 1019 *The Superannuation Contributions Surcharge* applies to:**

~~(a) each not-for-profit superannuation plan that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;~~

~~(b) general purpose financial statements of each other not-for-profit superannuation plan that is a reporting entity;~~

~~(c) each superannuation plan that elects to prepare financial statements of a superannuation plan that are, or are held out to be, general purpose financial statements;~~

(~~d~~a) ~~for-profit~~ superannuation plans that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards; ~~and~~

(e~~b~~) other ~~for-profit~~ superannuation plans that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029; and

(c) each superannuation plan that elects to prepare financial statements of a superannuation plan that are, or are held out to be, general purpose financial statements.

25 **Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* applies to public sector entities as follows:**

(a) each for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;

(b) each not-for-profit entity that is required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards;

(c) each not-for-profit entity that is required only by its constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after 1 July 2029;

(~~b~~d) general purpose financial statements of each other reporting entity; and

(~~e~~e) financial statements that are, or are held out to be, general purpose financial statements.

64 In the Appendix, the definition of 'reporting entity' is amended as follows:

An entity in respect of which it is reasonable to expect the existence of users who rely on the entity's general purpose financial statements for information that will be useful to them for making and evaluating decisions about the allocation of resources. A reporting entity can be a single entity or a group comprising a parent and all of its subsidiaries.

This reporting entity definition is not relevant to:

(a) for-profit private sector entities and not-for-profit entities that are required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards;

(b) other for-profit private sector entities and not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards, provided that the relevant document was created or amended on or after:

(i) for a for-profit private sector entity – 1 July 2021; and

(ii) for a not-for-profit entity – 1 July 2029; and

(c) other ~~for-profit~~ entities (private sector or public sector) that elect to prepare general purpose financial statements.

Amendments to AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

65 Paragraph 7 is amended as follows:

7 AusCF paragraphs and footnotes included in this Standard apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

Amendments to Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

66 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to Interpretation 132 *Intangible Assets – Web Site Costs*

67 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF paragraphs and footnotes included in this Interpretation apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

68 Paragraph Aus10.4A is inserted as follows. Paragraph Aus10.4 is not amended but has been included for ease of reference. Footnotes to the text are not reproduced:

Aus10.4 AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2019, added AusCF paragraphs and amended paragraph 5. An entity shall apply the amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2019-1. An entity shall apply the amendments to Interpretation 132 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.[2] However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to Interpretation 132 by reference to paragraphs 23–28, 50–53 and 54F of AASB 108.

Aus10.4A AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*, issued in April 2026, amended paragraph AusCF1. An entity shall apply those amendments for annual periods beginning on or after 1 July 2029. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2026-2. An entity shall apply the amendments to Interpretation 132 retrospectively in accordance with AASB 108. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to Interpretation 132 by reference to paragraphs 23–27, 28, 50–53 and Aus54F.1 of AASB 108.

Amendments to Interpretation 1003 *Australian Petroleum Resource Rent Tax*

69 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*

70 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF entities are~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* are set out in paragraph Aus1.1 of the *Conceptual Framework*.

Amendments to AASB Practice Statement 2 *Making Materiality Judgements*

71 Paragraph AusCF1 is amended as follows:

AusCF1 AusCF paragraphs and footnotes included in this Practice Statement apply only to~~:~~

~~(a) not-for-profit entities; and~~

~~(b) for-profit~~ entities that are not applying the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*).

Such entities are referred to as 'AusCF entities'. For AusCF entities, the term 'reporting entity' is defined in AASB 1057 *Application of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. ~~For-profit e~~Entities applying the *Conceptual Framework for Financial Reporting* (as set out in paragraph Aus1.1 of the *Conceptual Framework*) shall not apply AusCF paragraphs or footnotes.

72 Paragraphs Aus13.1 and Aus18.1 are amended, and paragraphs AusCFAus13.1 and AusCFAus18.1 are added, as follows:

Aus13.1 The primary users of not-for-profit entity financial statements are existing and potential resource providers (such as donors and other funders, taxpayers, ~~investors,~~ lenders and other creditors, ~~donors and taxpayers~~ and investors), recipients of goods and services (such as beneficiaries, for example members of the community) and parties performing a review or oversight function on behalf of other users (such as advisors and members of parliament).[12] Not-for-profit entities should read all references in this Practice Statement to 'existing and potential investors, lenders and other creditors' as a reference to this broader range of users.

12 ~~See paragraph AusOB2.1 of the *Framework*~~ See paragraph Aus1.2.1 of the *Conceptual Framework*.

AusCFAus13.1 Notwithstanding paragraph Aus13.1, in respect of not-for-profit AusCF entities, the primary users of not-for-profit entity financial statements are existing and potential resource providers (such as investors, lenders and other creditors, donors and taxpayers), recipients of goods and services (such as beneficiaries, for example members of the community) and parties performing a review or oversight function on behalf of other users (such as advisors and members of parliament).[AusCF12] Not-for-profit entities should read all references in this Practice Statement to 'existing and potential investors, lenders and other creditors' as a reference to this broader range of users.

AusCF12 See paragraph AusOB2.1 of the *Framework*.

…

Aus18.1 In respect of not-for-profit entities, primary users are generally not concerned with obtaining a financial return on an investment in the entity. Rather, they are concerned with the ability of the entity to achieve its objectives (whether financial or non-financial), which in turn may depend, at least in part, on the entity's prospects for future net cash inflows and management's stewardship of the entity's economic resources. Primary users will, for example, be interested in the capability of the entity's resources to provide goods and services in the future ~~(service potential)~~. Such primary users may make resource allocation decisions in relation to not-for-profit entities in addition to, or that differ from, those related to for-profit entities. ~~For example, parliaments decide, on behalf of constituents, whether to fund particular programmes for delivery by an entity, taxpayers decide who should represent them in government, donors decide whether to donate resources to an entity, and recipients decide whether they can continue to rely on the provision of goods and services from the entity or whether to seek alternative suppliers~~ For example, donors and other funders decide whether to commit resources to an entity, taxpayers decide who should represent them in government, recipients decide whether they can continue to rely on the provision of goods and services from the entity or whether to seek alternative suppliers, and parliaments decide, on behalf of constituents, whether to support particular programmes for delivery by an entity.[18]

18 ~~See paragraphs AusOB2.1 and AusOB3.1 of the *Framework*~~ See paragraphs Aus1.2.1 and Aus1.3.1 of the *Conceptual Framework*.

AusCFAus18.1 Notwithstanding paragraph Aus18.1, in respect of not-for-profit AusCF entities, primary users are generally not concerned with obtaining a financial return on an investment in the entity. Rather, they are concerned with the ability of the entity to achieve its objectives (whether financial or non-financial), which in turn may depend, at least in part, on the entity's prospects for future net cash inflows. Primary users will, for example, be interested in the capability of the entity's resources to provide goods and services in the future. Such primary users may make resource allocation decisions in relation to not-for-profit entities in addition to, or that differ from, those related to for-profit entities. For example, parliaments decide, on behalf of constituents, whether to fund particular programmes for delivery by an entity, taxpayers decide who should represent them in government, donors decide whether to donate resources to an entity, and recipients decide whether they can continue to rely on the provision of goods and services from the entity or whether to seek alternative suppliers.[AusCF18]

AusCF18 See paragraphs AusOB2.1 and AusOB3.1 of the *Framework*.

73 Footnotes AusCF15 and AusCF17 are deleted.

74 Paragraph Aus38.1 is amended as follows:

Aus38.1 In respect of not-for-profit entities, primary users need information about the ~~service potential of existing resources~~ capability of the entity's resources to provide goods and services in the future, as noted in paragraph Aus18.1. For example, a significant impairment ~~in the service potential~~ of an entity's assets could result in the entity needing either to obtain additional resources in order to maintain the level or scope of its activities in providing goods or services or to reduce its activities. Donors to the entity might seek explanation of the significant impairment in considering whether to continue to provide resources to the entity or to withdraw their support.

75 Appendix B is amended as follows:

Extracts from the *Conceptual Framework for Financial Reporting*

Paragraph 1.2

…

Paragraph Aus1.2.1

Referred to in paragraphs Aus13.1 and Aus18.1 of the Practice Statement

Among the users of financial information about a not-for-profit reporting entity are existing and potential resource providers (such as donors and other funders, taxpayers, lenders and other creditors, and investors), recipients of goods and services (such as beneficiaries, for example members of the community) and parties performing a review or oversight function on behalf of other users (such as advisers and members of parliament). Such users may make resource allocation decisions in relation to not-for-profit entities that differ from those identified in paragraph 1.2. For example, donors and other funders decide whether to commit resources to an entity, taxpayers decide who should represent them in government, recipients decide whether they can continue to rely on the provision of goods and services from the entity or whether to seek alternative suppliers, and parliaments decide, on behalf of constituents, whether to support particular programmes for delivery by an entity. In relation to not-for-profit entities, where pertinent, all references in the *Conceptual Framework* to 'existing and potential investors, lenders and other creditors' (and related terms) should be read as a reference to this broader range of users.

Paragraph 1.3

…

Paragraph Aus1.3.1

Referred to in paragraph Aus18.1 of the Practice Statement

In respect of not-for-profit entities, users (such as certain existing and potential resource providers) are generally not concerned with obtaining a financial return on an investment in the entity. Rather, they are concerned with the ability of the entity to achieve its objectives (whether financial or non-financial), which in turn may depend, at least in part, on the entity's prospects for future net cash inflows and management's stewardship of the entity's economic resources (see also paragraph Aus1.18.1). Users will, for example, be interested in the capability of the entity's resources to provide goods and services in the future. Accordingly, in relation to not-for-profit entities, where pertinent, references in this *Conceptual Framework* to 'assessing prospects for future net cash inflows to the entity', 'assessing prospects for how future cash flows will be distributed among those

with a claim against the reporting entity' and 'assessing management's stewardship of the entity's economic resources' (and related terms) should be read in the context of the common information needs of users of general purpose financial reports of not-for-profit entities described in this paragraph.

Commencement of the legislative instrument

76 For legal purposes, this legislative instrument commences on 30 June 2029.

Compilation details
Accounting Standard AASB 2026-2 *Amendments to Australian Accounting Standards – Extending the Application of the* Conceptual Framework *and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements* (as amended)

Compilation details are not part of AASB 2026-2.

This compiled Standard applies to annual reporting periods beginning on or after 1 July 2029. It takes into account amendments up to and including 27 August 2026 and was prepared on 21 October 2026 by the staff of the Australian Accounting Standards Board (AASB).

This compilation is not a separate Accounting Standard made by the AASB. Instead, it is a representation of AASB 2026-2 (April 2026) as amended by other Accounting Standards, which are listed in the table below.

Table of Standards

Standard	Date made	FRL identifier	Commence-ment date	Effective date *(annual periods … on or after …)*	Application, saving or transitional provisions
AASB 2026-2	21 Apr 2026	F2026L00728	30 Jun 2029	*(beginning)* 1 Jul 2029	see (a) below
AASB 2026-4	27 Aug 2026	F2026L01162	31 Dec 2027	*(beginning)* 1 Jan 2028	see (b) below

(a) Entities may elect to apply this Standard to annual periods beginning before 1 July 2029.

(b) Entities may elect to apply the amendment to AASB 2026-2 made by this Standard to annual periods beginning before 1 January 2028, provided that AASB 18 is also applied to the period.

Table of amendments

Paragraph affected	How affected	By … [paragraph/page]
31	amended	AASB 2026-4 [25]

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, AASB 2026-2 Amendments to Australian Accounting Standards – Extending the Application of the *Conceptual Framework* and Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements.

Introduction

BC1 This Basis for Conclusions summarises the Australian Accounting Standards Board's considerations in reaching the conclusions in this Standard. It sets out the reasons why the Board developed the Standard, the approach taken to developing the Standard and the bases for the key decisions made. In making decisions, individual Board members gave greater weight to some factors than to others.

BC2 In March 2018, the International Accounting Standards Board (IASB) issued a revised *Conceptual Framework for Financial Reporting*. This pronouncement uses the term 'reporting entity' to describe the entity preparing general purpose financial reports, including establishing the boundary of what needs to be reported when an entity is required to report. This posed a concern for the AASB, because at that time the term 'reporting entity' was deployed subtly differently in the Australian conceptual framework and in Australian Accounting Standards. A 'reporting entity' was understood to instead refer to the entity having one or more specified characteristics that meant there were users of its financial reports who were unable to command the information they required to inform their economic decision-making and therefore had to depend on the financial reports prepared by the entity ('the reporting entity concept'). When required to prepare financial statements that complied with Australian Accounting Standards, an Australian reporting entity was required to prepare general purpose financial statements. That is, the term 'reporting entity' refers to a narrower set of entities than in the IASB *Conceptual Framework for Financial Reporting*.

BC3 The Board was not desirous to have two uses of the term in the Australian standard-setting environment because this could be expected to result in confusion. Consequently, the Board considered how best to comply with the Financial Reporting Council's broad strategic direction to the Board to develop Standards using International Financial Reporting Standards with regard to the IASB *Conceptual Framework for Financial Reporting*.

BC4 While the IASB was working on revising its conceptual framework, the AASB was continuing to assess the effectiveness of the reporting entity concept set out in Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity*. The effectiveness of the reporting entity concept relies on appropriate self-assessment, and the Board was concerned that it was not working as intended.

BC5 The Board observed that resolving the reporting entity 'clash' required removing the Australian definition of a reporting entity. Removing the Australian definition of a reporting entity would also remove the ability of an entity to conclude that it is not a reporting entity as defined by SAC 1; providing an avenue for the application clauses of Australian Accounting Standards to be revisited to limit more entities from preparing special purpose financial statements if they are required to prepare financial statements in accordance with Australian Accounting Standards.

BC6 The Board set out its concerns and proposals to address the clashing use of the term 'reporting entity', and how it could springboard improvements to the standard of reporting by Australian entities by reducing the population of entities preparing special purpose financial statements, in AASB Invitation to Comment ITC 39 *Applying the IASB's Revised Conceptual Framework and Solving the Reporting Entity and Special Purpose Financial Statement Problems* (May 2018). Further background to addressing adoption of the IASB *Conceptual Framework for Financial Reporting* and the effectiveness of the reporting entity concept, including the various approaches considered by the Board, is detailed in ITC 39 and the Bases for Conclusions accompanying AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework* and AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.

BC7 Following the feedback received on ITC 39, the Board determined that it would adopt a phased approach to extending application of the IASB *Conceptual Framework for Financial Reporting* to for-profit and not-for-profit Australian entities and, at the same time, addressing its concerns about the effectiveness of the reporting entity concept. A phased approach was considered necessary when considering the population of not-for-profit entities that might be affected by the Board's proposals, compared to for-profit entities. In part, this approach also accorded the Board more time to consider the suitability of the IASB pronouncement for not-for-profit entities while ensuring that for-profit entities could continue to assert compliance with IFRS Standards when complying with Australian Accounting Standards.

BC8 In May 2019, in accordance with the phased approach, the AASB issued the *Conceptual Framework for Financial Reporting* (*Conceptual Framework*). This pronouncement incorporated the IASB's 2018 pronouncement of the same name, and provided updated guidance for the development of Australian Accounting Standards. Consistent with the phased approach, the application of the *Conceptual Framework* and extension of the scope of Australian Accounting Standards was limited in the first instance to qualifying for-profit private sector entities and other for-profit entities that elect to prepare general purpose financial statements (see AASB 2019-1 and AASB 2020-2).

BC9 This Standard is a continuation of the planned phased approach to extending application of the IASB *Conceptual Framework for Financial Reporting* to Australian entities. This Standard results from the proposals in AASB Exposure Draft ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*. ED 334 was issued in October 2024 and proposed extending the applicability of the *Conceptual Framework* to include private sector and public sector not-for-profit entities. The requirements in this Standard conclude the Board's Conceptual Framework: Not-for-Profit Amendments project and are expected to bring a majority of Australian entities under the aegis of the same conceptual framework documents for guiding the development of accounting policies.

BC10 In addition to superseding the *Framework for the Preparation and Presentation of Financial Statements* (the preceding conceptual framework pronouncement), when applicable, the *Conceptual Framework* also supersedes SAC 1. Consistent with its phased approach to reviewing the Australian financial reporting framework to improve the quality of reporting by Australian entities, this Standard also amends AASB 1057 *Application of Australian Accounting Standards* to extend the applicability of Australian Accounting Standards to more not-for-profit entities, with the reporting entity concept set out in SAC 1 ceasing to be valid for many not-for-profit entities once this Standard is operative.

BC11 The effect of the requirements set out in this Standard is that more not-for-profit entities will be required to prepare general purpose financial statements when the entity is charged with preparing financial statements in accordance with a directive that they comply with Australian Accounting Standards.

Interaction with the AASB Not-for-Profit Private Sector Financial Reporting Framework project

BC12 This Standard extends the population of not-for-profit entities to which Australian Accounting Standards apply, resulting in more entities being required to prepare general purpose financial statements. The implementation costs of the requirements set out in this Standard are alleviated by the issue of AASB 1061 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*. AASB 1061 was issued concurrently with this Standard and introduces a more simplified, third tier of general purpose financial statements. The issue of this Standard and AASB 1061 concludes the Board's work on its Not-for-Profit Private Sector Financial Reporting Framework project.

Extending application of the *Conceptual Framework* and Australian Accounting Standards

BC13 The remainder of this Basis for Conclusions sets out the Board's deliberations on significant issues regarding its amendments to extend the application of the *Conceptual Framework* to not-for-profit entities and of Australian Accounting Standards to more not-for-profit entities.

Maintaining two conceptual framework pronouncements

BC14 The Board received feedback from a few stakeholders that it is not appropriate to have both the *Conceptual Framework* and the *Framework for the Preparation and Presentation of Financial Statements* maintained indefinitely, as is the case under the requirements set out in this Standard. However, the Board considered that the approach adopted remains appropriate for the present because this approach is efficient and provides better visibility to preparers, advisors and auditors of how the amendments will affect a not-for-profit entity. Showing that the *Conceptual Framework* requirements are consistent with those that apply to for-profit private sector entities could also be expected to help alleviate some of the costs for not-for-profit entities of learning and adopting the *Conceptual Framework*. Noting the stakeholder feedback, the Board noted that its approach of having two conceptual framework documents could be reviewed following decision-making on its Public Sector Financial Reporting Framework project.

BC15 Further, the Board observed that in most instances maintaining two conceptual framework documents will not result in any practical implications for an entity's financial reporting or for its principle of transaction neutrality. Costs to entities are likely to be minimal because:

(a) both documents are used mainly by the Board to develop Standards. Divergence, if any, from either conceptual framework document can be explained in the Basis for Conclusions to the affected pronouncement;

(b) given the depth of the existing suite of Australian Accounting Standards, there should be few, if any, instances in which a preparer would be required to refer to the conceptual framework documents to develop an accounting policy; and

(c) the objective of general purpose financial reporting and characteristics of useful financial information are largely consistent between the two conceptual framework documents. Therefore, preparers could be expected to make the same decisions about the information to present in financial statements, regardless of the applicable overarching conceptual framework pronouncement.

Suitability of a conceptual framework developed primarily having regard to private sector for-profit entities

BC16 When scoping the Conceptual Framework: Not-for-Profit Amendments project, the Board originally envisaged undertaking a further related project to consider fundamental concerns of some stakeholders regarding the suitability and adequacy of a conceptual framework that was developed primarily having regard to private sector for-profit entities. The scope of that further related project might have included reviewing the primary users of a not-for-profit entity's general purpose financial statements and the emphasis given to management's stewardship (accountability) as part of the objective of general purpose financial reporting. The Board reviewed the adequacy of the not-for-profit modifications in the *Framework for the Preparation and Presentation of Financial Statements* regarding the identification of users of financial statements and the emphasis given to stewardship, amongst other matters. The Board concluded that, with minor updates, those modifications are suitable to include in the *Conceptual Framework* as applicable to Australian not-for-profit entities. The Board also observed that the *Conceptual Framework* gives greater emphasis to stewardship than the *Framework for the Preparation and Presentation of Financial Statements*.

BC17 In light of that conclusion and observation, the Board decided not to actively progress such a further project in the foreseeable future, having regard to its resource constraints and noting that it is undertaking other projects (including sustainability reporting) that may develop information relevant to a further project regarding a conceptual framework for not-for-profit entities. In forming its decision, the Board also had regard to the relative urgency of such a further project. The Board signalled its intentions in ED 334 and, in the absence of any significant new information, decided it should proceed with issuing amendments to the *Conceptual Framework* without delay for addressing any potential further not-for-profit issues. The Board observed that stakeholders will have the opportunity to comment on the need for and the priority of such a further project as part of the Board's agenda consultation process on its 2027–2031 work program.

BC18 Consistent with *The AASB's Approach to International Public Sector Accounting Standards* policy document, the Board is currently not proposing to adopt the International Public Sector Accounting Standards Board (IPSASB) conceptual framework document[1] for application by certain Australian not-for-profit public sector entities. However, the Board had regard to the IPSASB's conceptual framework document as part of its deliberations in determining the extent of not-for-profit amendments to propose to the *Conceptual Framework*. The IPSASB considered the IASB's conceptual framework document in developing its conceptual framework document. The IPSASB's decisions as to whether to add to, diverge from, or maintain consistency with the IASB's pronouncement – as reflected in its conceptual framework document and accompanying Basis for Conclusions – provided input to the AASB's decision making.

BC19 In October 2025, the International Non-Profit Reporting Foundation (INPRF) published the first edition of the International Non-Profit Accounting Standard (INPAS). The INPAS includes concepts and principles for general purpose financial statements of non-profit entities, similar to the *Conceptual Framework*. The Board does not presently have a policy regarding INPAS for Australian entities.

Scope to include not-for-profit public sector entities

BC20 This Standard removes the ability of certain not-for-profit public sector entities to prepare special purpose financial statements that are held out as being 'in accordance with Australian Accounting Standards'. In contrast to private sector entities, this reporting 'shift' occurs in advance of a Board project on reviewing the Australian financial reporting framework for public sector entities.

BC21 The Board decided it was appropriate to amend the *Conceptual Framework* and Australian Accounting Standards to extend their application to not-for-profit public sector entities ahead of its Public Sector Financial Reporting Framework project for the following reasons:

1 *The Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities*, issued in 2014 and revised in 2023.

(a) the disadvantages of further delay to developing Standards under a single conceptual framework for Australian entities would outweigh any resulting benefits. The Board's amendments bring not-for-profit entities (other than to the extent an exception applies) onto a consistent platform for developing accounting policies and interpreting Standards;

(b) it brings consistency between the for-profit and not-for-profit sectors in the way it is determined which entities are required to comply with accounting standards and in terminology, which would reduce complexity for not-for-profit entities;

(c) not delaying reducing the population of entities that prepare special purpose financial statements will improve the accountability and transparency of Australian not-for-profit entities' financial position and performance, whereas the Public Sector Financial Reporting Framework project is being undertaken on a separate timeline and may take several years to complete; and

(d) findings from AASB ITC 39 suggested that the removal of special purpose financial statements is expected to have a limited impact in the public sector. While the Board observed that further targeted outreach conducted since ITC 39 suggested that it is possible that the impact to the sector might be greater than originally expected, the Board still expects the use of special purpose financial statements to be comparatively less prevalent in the not-for-profit public sector; and hence, costs to the sector to be limited.

BC22 In general, stakeholders supported the Board's amendments to extend the *Conceptual Framework* and Australian Accounting Standards to both private sector and public sector not-for-profit entities. However, a few stakeholders considered that the applicability of the *Conceptual Framework* and Australian Accounting Standards should be made consistent for all public sector entities. In the main, these stakeholders considered that the amendments should not apply to not-for-profit public sector entities, so that both for-profit and not-for-profit public sector entities are similarly treated. Stakeholders cited transaction neutrality and cost/benefit considerations as reasons for their views, noting that the Board does not have evidence that there is a demand for general purpose financial statements from not-for-profit public sector entities and that there are no unintended consequences of the amendments (for example, over-reporting).

BC23 The Board observed that:

(a) extending the scope of the *Conceptual Framework* to for-profit public sector entities at this time would not fully resolve the stakeholder concern that a difference in the applicable conceptual framework exists for similar entities. Similarly, while not extending the scope of the *Conceptual Framework* to any public sector entities at this time maintains the consistency for public sector entities, it creates a difference in conceptual framework documents between private sector entities and public sector entities. This is inconsistent with the Board's policies for developing Standards, which contemplate potential differences between for-profit and not-for-profit entities rather than between private sector and public sector entities;

(b) part of the purpose of the outreach process is to identify whether proposals will result in an unintended consequence. The absence of feedback on this matter suggested that the amendments are unlikely to affect not-for-profit public sector entities to an extent that would have caused the Board to change its views;

(c) the objective of its project will not be met if not-for-profit public sector entities are excluded from the amendments. The objective of the Conceptual Framework: Not-for-Profit Amendments project was to apply the *Conceptual Framework* to not-for-profit entities (regardless of their sector) and improve the consistency, comparability, transparency and enforceability of financial reports prepared in accordance with Australian Accounting Standards; and

(d) the amendments do not prevent affected preparers who consider that the amendments would impose an inappropriate over-reporting burden on the entity from consulting with the relevant party regarding their obligation to prepare financial statements that comply with Australian Accounting Standards. The onus for determining the extent of reporting required is on the party that has the oversight of, or user interest in, the entity, and not the Board.

Exemption from application of the *Conceptual Framework* and having to prepare general purpose financial statements

BC24 When making AASB 2020-2, the Board decided to exempt certain for-profit private sector entities from applying the *Conceptual Framework* and Australian Accounting Standards, with the effect that these entities – for which SAC 1 remained operative – could continue to prepare special purpose financial statements if the entity was not a reporting entity as defined by SAC 1. The constituting or other document of these entities requires the preparation of financial statements in compliance with Australian Accounting Standards. However, the type of entity (eg trusts, partnerships, joint arrangements, self-managed superannuation funds

and entities subject to requirements such as lending arrangements) meant that these financial statements are often prepared for a specific purpose and a specific class of users (eg beneficiaries).

BC25 The Board noted it was persuaded that the costs of the additional financial reporting burden to the entity would exceed the benefits of general purpose financial reporting in those cases. This is because the Board considered that the users of such a for-profit private sector entity's financial statements were likely to be limited. Paragraph BC85 to AASB 2020-2 observed that:

(a) as the financial statements are prepared for specific users, those users have the ability to command whatever information they require from the entity;

(b) there is no external regulator of financial reporting for trusts; and

(c) the financial statements of trusts are not lodged on public record.

Additionally, for-profit private sector entities would suffer transitional costs to change constituting documents to remove the requirement to comply with Australian Accounting Standards. However, the Board decided that the scope exemption would apply only where the entity's constituting or other document requiring it to comply with the Standards was created or amended before 1 July 2021 (the effective date of AASB 2020-2). That is, any amendments to or creation of such documents on or after 1 July 2021 would require the entity to prepare general purpose financial statements if the document referred to the preparation of financial statements that comply with Australian Accounting Standards.

BC26 The Board observed that not-for-profit private sector entities also use trusts and other similar structures to conduct their activities. Similarly, some not-for-profit public sector entities may be established under a constituting document, such as a memorandum of understanding, rather than legislation. Consequently, there are likely to be not-for-profit entities that likewise are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards.

BC27 When considering whether to make a similar scope exemption for not-for-profit entities in the interests of transaction neutrality and balancing costs versus benefits, the Board had regard to the following considerations:

(a) the Board has not been able to obtain good visibility of the extent to which entities might be affected by a decision in this regard;

(b) users of the financial statements of some not-for-profit entities could conceivably be a broader set of parties compared to the users of the financial statements of a for-profit private sector entity. For example, the number of current and potential beneficiaries of a not-for-profit trust seems likely to exceed that of a for-profit trust;

(c) there are likely to be users of the financial statements of some not-for-profit entities that are unable to command the information they want from the entity. For example, the primary users of the financial statements of a not-for-profit private sector entity might include potential donors and other funders who may not necessarily be able to obtain more insight into the not-for-profit entity beyond any publicly available information;

(d) similar to financial statements of for-profit private sector entities, the financial statements of a not-for-profit entity might not be publicly available. For example, the financial statements of a not-for-profit private sector entity that is not a charity subject to regulation by the Australian Charities and Not-for-profits Commission (ACNC) and does not have an Australian Business Number are unlikely to be publicly available and, further, such entities are likely to be small or non-operating in nature. Similarly, the financial statements of a not-for-profit public sector entity prepared only in satisfaction of a constituting or other document requirement to do so might not necessarily be made publicly available;

(e) the ACNC operates as an external regulator of trusts and other similar structures where these entities are registered charities. Possibly, these are the more significant not-for-profit private sector entities because they fundraise;

(f) there might not be an external regulator of the financial statements of the not-for-profit public sector entities that prepare financial statements only because of a constituting or other document requirement to do so. However, these entities – and their financial statements – might be subject to parliamentary or other government oversight; and

(g) feedback from the AASB Not-for-Profit Project Advisory Panel during the proposal development process indicated stakeholder support for a scope exemption. Panel members commented that an exemption would make sense when it is unclear how many not-for-profit entities would be affected, and would provide relief for smaller charities and other entities not required by legislation to prepare financial statements that comply with Australian Accounting Standards. The scope exemption could help spread the transitional impact over time.

BC28 Improving the quality of financial reporting by Australian entities is a gradual process. Hence, on balance, the Board decided to develop a similar scope exemption to that applying to for-profit private sector entities. The Board made this decision for the following reasons:

(a) the scope exemption would not apply to medium- and large-sized registered charities – expected to be the more significant fundraising entities for which improving the standard of financial reporting would be desirable – as these entities are required to prepare financial statements that comply with Australian Accounting Standards under the *Australian Charities and Not-for-profits Commission Act 2012*. Similarly, large not-for-profit entities other than charities (such as incorporated associations or cooperatives) would generally be required by the respective legislation or regulation to prepare such financial statements;

(b) besides resulting in an uneven playing field, not providing a similar scope exemption could impose costs on economically insignificant not-for-profit entities (such as small registered charities and certain not-for-profit entities without Australian Business Numbers) that are not matched or outweighed by additional benefits;

(c) qualifying not-for-profit private sector entities that do not fundraise might be accountable only to those parties that are more likely to have the ability to command the information they require from the entity; and

(d) there might not exist many primary users of the financial statements of a not-for-profit public sector entity that meets the conditions of the scope exemption who are unable to command more information from the entity.

BC29 A majority of stakeholders responding to ED 334 supported the Board's proposals to provide a date-limited scope exemption. However, the Board also received feedback from some stakeholders that all not-for-profit entities that are required only by their constituting document or another document to prepare financial statements that comply with Australian Accounting Standards should be scoped out of these amendments. These stakeholders were concerned that:

(a) the cost/benefit proposition is not met for these entities because it is not obvious that there is any demand for, or substantive benefit from, the resulting general purpose financial statements, while the preparation of the financial statements might be a costly exercise (as informed by their feedback from for-profit private sector entities); and

(b) it is unfair to impose a 'new' requirement on entities that changes their obligations from those existing at the time the relevant documents were created.

BC30 The Board decided not to amend its view on consideration of these stakeholder concerns as:

(a) there would be little incentive for affected stakeholders to engage with the Board or contribute to its efforts to enhance the quality of financial reporting if efforts to improve the quality are paused due to a lack of comprehensive evidence about the number of affected entities, the extent of the impact, or the level of demand for the financial statements. The consultation process itself is intended to elicit that evidence and feedback;

(b) new reporting and other obligations are imposed on entities all the time: this is not a unique situation. It is incumbent on an entity to review and consider whether there are mitigating actions that the entity can take to avoid or minimise its costs associated with the new requirement, such as changing the requirements of the relevant documents prior to the specified date that limits the scope exemption, especially if the entity considers it inappropriate for the entity's circumstances;

(c) 'financial statements that comply with Australian Accounting Standards' should be held to a minimum expectation of quality, that is, general purpose financial statements; and

(d) while the Board develops requirements for general purpose financial statements, it is not the body that imposes the requirement on an entity to prepare financial statements that comply with Australian Accounting Standards. Preparers who consider that the amendments would impose an inappropriate over-reporting burden on the entity might engage with the relevant party that has imposed such a reporting obligation.

BC31 The Board decided that the 'specified date' before which constituting or other documents should be created or last amended for the scope exemption to apply should be the effective date of this Standard (1 July 2029). This mirrors the timing approach of the scope exemption applying to for-profit private sector entities and accords qualifying not-for-profit entities time to amend their constituting or other documents as they see fit. The scope exemption for not-for-profit entities applies only where the entity's constituting or other document requiring it to comply with Australian Accounting Standards was created or amended before 1 July 2029. That is, any amendments to or creation of such documents on or after 1 July 2029 would require the entity to prepare general purpose financial statements if the document referred to the preparation of financial statements that comply with Australian Accounting Standards.

BC32 Following implementation, some entities might cease to satisfy the scope exemption condition that the constituting or other document that requires the preparation of Australian Accounting Standards-compliant financial statements is not amended on or after the specified date of 1 July 2029. The Board noted that, as such, it might be undesirable for a potential scope exemption to be developed on this basis, and also that entities might be discouraged from revising their constituting or other document consistent with best practice behaviours. Ultimately, and in light of the majority stakeholder support received, the Board prioritised consistency with the approach to the scope exemption applying to for-profit private sector entities.

Legislative references to Australian Accounting Standards

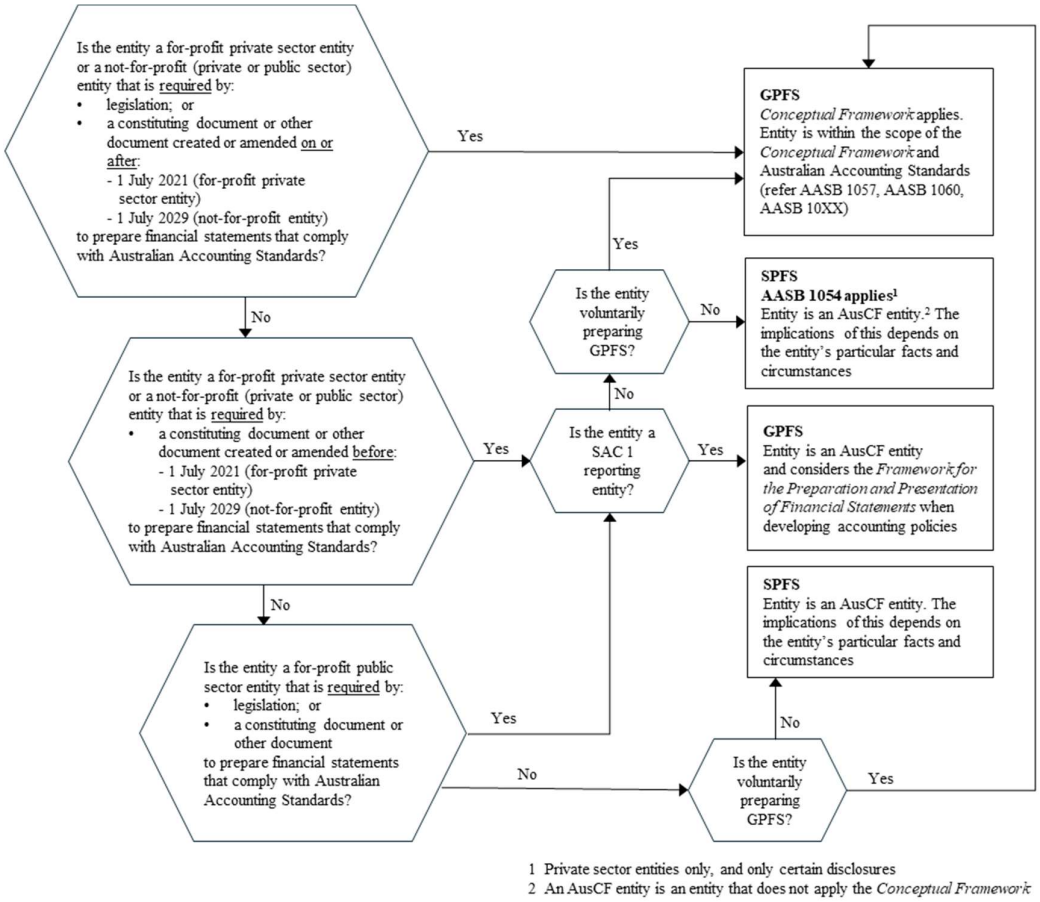
BC33 In scoping the amendments to the *Conceptual Framework* and AASB 1053 *Application of Tiers of Australian Accounting Standards*, the Board had regard to its decision in AASB 2020-2 in relation to for-profit private sector entities. Paragraph BC79 of the Basis for Conclusions accompanying AASB 2020-2 states:

> "… The Board decided that the application paragraphs of AAS [Australian Accounting Standards] should include entities that are required by legislation to comply with 'accounting standards' as well as 'Australian Accounting standards'. In making this decision, the Board noted that it is reasonable to expect that legislators intended compliance with accounting standards as issued by the AASB when that term is used under Australian legislation … For these same reasons, legislative references to other similar terms such as 'accounting principles' or 'generally accepted accounting practice' are more broad, and therefore the Board did not think it was reasonable to infer they were intended to require compliance with accounting standards issued by the AASB … Further, the Board decided that the application paragraphs would only capture references to AAS for entities with a non-legislative requirement, as in those cases it is less clear as to whether the constituting document would have intended to refer to accounting standards as issued by the AASB, when the term 'accounting standards' is used ..."

BC34 The Board considered that the same conclusions apply to not-for-profit entities. An Australian legislative reference to accounting standards can be reasonably inferred to reference Australian Accounting Standards. Hence, the reporting outcome (general purpose financial reporting) should be the same in both instances. However, whether a constituting document or other document is intended to refer to accounting standards as issued by the Board (and consequentially, require general purpose financial reporting) when it uses the term 'accounting standards' is a matter for the entity, not the Board, to determine.

Summary of scope

BC35 The following diagram summarises the applicability of the Australian Accounting Standards to for-profit and not-for-profit entities following the Board's decisions in AASB 2020-2 and this Standard:



BC36 Examples of entities that will be affected by the amendments introduced by this Standard include not-for-profit entities that are (this list is neither exhaustive nor mutually exclusive):

(a) companies lodging financial statements under the *Corporations Act 2001*, eg:

(i) large proprietary companies;

(ii) unlisted public companies other than small companies limited by guarantee;

(iii) small proprietary companies controlled by a foreign company;

(iv) financial services licensees; and

(v) small proprietary companies raising funds through crowd-sourced funding;

(b) medium- and large-sized charities registered with the ACNC;

(c) incorporated associations, co-operatives and other entities with financial reporting obligations under Federal or State/Territory legislation to prepare financial statements in accordance with Australian Accounting Standards or accounting standards;

(d) Federal, State/Territory and local governments and other public sector entities established pursuant to an Act or other legislative instrument with financial reporting obligations under that instrument to prepare financial statements in accordance with Australian Accounting Standards or accounting standards; and

(e) trusts, partnerships, joint arrangements, self-managed superannuation funds and other entities required only by their constituting or other document to prepare financial statements that comply with Australian Accounting Standards.

BC37 Examples of entities that are unlikely to be affected by this Standard include (this list is neither exhaustive nor mutually exclusive):

(a) for-profit private sector entities;

(b) for-profit public sector entities;

(c) small charities registered with the ACNC;

(d) small not-for-profit proprietary companies preparing financial statements under an ASIC or stakeholder direction that does not require compliance with Australian Accounting Standards;

(e) entities with financial reporting obligations under Federal or State/Territory legislation to prepare financial information or financial statements that provide a true and fair view, but that are not required to comply with Australian Accounting Standards or accounting standards; and

(f) trusts, partnerships, joint arrangements, self-managed superannuation funds and other entities that are not required by legislation to prepare financial statements that comply with Australian Accounting Standards or accounting standards or by their constituting or other documents to prepare financial statements that comply with Australian Accounting Standards.

BC38 The costs of transition from special purpose financial statements to general purpose financial statements, along with any ongoing compliance costs, will depend on the extent to which an entity already complies with Australian Accounting Standards. The impact to a not-for-profit entity, and related costs of transition, may also depend on actions that regulators and other parties take following the issue of this Standard. Such actions may limit the reporting tiers of general purpose financial statements available to an entity or clarify that general purpose financial statements are not required to be prepared.

Not-for-profit modifications to the *Conceptual Framework*

BC39 In conjunction with the Board's phased approach to extending application of the *Conceptual Framework* to not-for-profit entities (see paragraphs BC2–BC11), this Standard makes amendments to the *Conceptual Framework* that the Board considers necessary so that the pronouncement can – with regard to not-for-profit entities – meet its intended purpose of assisting:

(a) the Board to develop Standards that are based on consistent concepts;

(b) preparers to develop consistent accounting policies when no Standard applies to a particular transaction or other event, or when a Standard allows a choice of accounting policy; and

(c) all parties to understand and interpret the Standards.

BC40 The Board decided that its focus at this time should be on extending the application of the *Conceptual Framework* to not-for-profit entities in a timely manner. In keeping with this, the Board decided to make only limited amendments to the *Conceptual Framework*. This is consistent with the approach the Board took in December 2013 with regard to revisions to the *Framework for the Preparation and Presentation of Financial Statements* to preserve the pronouncement's relevance to not-for-profit entities.

BC41 In accordance with the *AASB Not-for-Profit Entity Standard-Setting Framework*, a not-for-profit modification might be appropriate to address not-for-profit application issues resulting from terminology differences and current practice issues, differences in the accountability or regulatory framework, governance or financial management differences or alignment with other financial frameworks. Further, an IASB treatment may be modified where the prevalence and magnitude of not-for-profit specific transactions, circumstances or events would result in a failure to reflect economic reality if the IASB treatment was applied. Table 1 below describes the Board's rationale for each paragraph this Standard adds to the *Conceptual Framework*. In the main, the not-for-profit modifications are to address not-for-profit specific matters or provide not-for-profit specific context to the document.

Table 1: Not-for-profit modifications to the *Conceptual Framework*

Paragraph	Purpose of the paragraph	Rationale for the paragraph
AusSP1.5.1	To explain that the *Conceptual Framework* contributes to the stated mission of the Board with regard to not-for-profit entities, and to describe how the pronouncement provides the foundation for Standards that strengthen accountability and contribute to economic efficiency in the not-for-profit sector	Paragraph AusSP1.5.1 provides a counterbalance to the commentary in paragraph SP1.5, which is targeted at the private sector.
Aus1.2.1	To clarify that users of financial information about a not-for-profit entity may differ from those of a	Other than an amendment to acknowledge that 'donors' might not adequately describe other contributors funding a not-for-profit entity, and some re-ordering of the identified users, paragraph Aus1.2.1 replicates paragraph AusOB2.1

Paragraph	Purpose of the paragraph	Rationale for the paragraph
	for-profit entity, and to identify the users	of the *Framework for the Preparation and Presentation of Financial Statements*. The paragraph provides relevant not-for-profit commentary corresponding to paragraph 1.2 of the *Conceptual Framework*.
Aus1.3.1	To clarify that users of the financial statements of a not-for-profit entity are concerned with the ability of the entity to achieve its objectives, rather than primarily with obtaining a financial return	Paragraph Aus1.3.1 replicates paragraph AusOB3.1 of the *Framework for the Preparation and Presentation of Financial Statements*, amended to: (a) refer also to 'stewardship', to mirror the reference to 'stewardship' in paragraph 1.3 of the *Conceptual Framework*; and (b) refer also to "assessing prospects for how future cash flows will be distributed among those with a claim against the reporting entity", to provide a not-for-profit context to the fourth sentence in paragraph 1.13 of the *Conceptual Framework*. The paragraph provides relevant not-for-profit commentary corresponding to paragraphs 1.3 and 1.13 of the *Conceptual Framework*.
Aus1.15.1	To clarify that transactions in equity instruments and distributions to investors typically do not occur in not-for-profit entities	Paragraph Aus1.15.1 provides a counterbalance to the commentary in paragraphs 1.15 and 1.20 of the *Conceptual Framework* regarding transactions in equity instruments and distributions to investors. These transactions are not as relevant to not-for-profit entities. Except for their references to stewardship, paragraphs 1.15 and 1.20 of the *Conceptual Framework* are the same as paragraphs OB15 and OB20 of the *Framework for the Preparation and Presentation of Financial Statements*. However, the *Framework for the Preparation and Presentation of Financial Statements* does not include an Aus paragraph similar to paragraph Aus1.15.1. Paragraph Aus1.15.1 reflects the Board's reassessment of the extent to which specific not-for-profit commentary is needed in the *Conceptual Framework* for a balanced coverage of all sectors.
Aus1.16.1	To clarify that information about a not-for-profit entity's past financial performance and how management discharged its stewardship responsibilities is usually helpful for predicting the volume and cost of future services and the sustainability of future service delivery	Paragraph Aus1.16.1 provides a counterbalance to the commentary in paragraphs 1.15–1.16 of the *Conceptual Framework* regarding references to returns on resources and future cash flows. These references are not as relevant to not-for-profit entities. Except for their references to stewardship, paragraphs 1.15–1.16 of the *Conceptual Framework* are the same as paragraphs OB15 and OB16 of the *Framework for the Preparation and Presentation of Financial Statements*. However, the *Framework for the Preparation and Presentation of Financial Statements* does not include an Aus paragraph similar to paragraph Aus1.16.1. Paragraph Aus1.16.1 reflects the Board's reassessment of the extent to which specific not-for-profit commentary is needed in the *Conceptual Framework* for a balanced coverage of all sectors.
Aus1.18.1	To clarify that users of a not-for-profit entity's financial statements need information that helps them understand the ability of the entity to achieve its objectives	The paragraph provides relevant not-for-profit commentary corresponding to paragraph 1.18 of the *Conceptual Framework*. Paragraph Aus1.18.1 includes the text of paragraph AusOB18.1 of the *Framework for the Preparation and Presentation of Financial Statements*, augmented by the

Paragraph	Purpose of the paragraph	Rationale for the paragraph
		addition of a reference to stewardship to mirror the reference in paragraph 1.18 of the *Conceptual Framework*.
Aus2.41.1	To clarify the benefits to the economy of more informed decision making by users of a not-for-profit entity's financial statements	Paragraph Aus2.41.1 provides a counterbalance to the commentary in paragraph 2.41 regarding capital markets and a lower cost of capital. These references are not usually relevant to not-for-profit entities. Paragraph 2.41 is the same as paragraph QC37 of the *Framework for the Preparation and Presentation of Financial Statements*. However, the *Framework for the Preparation and Presentation of Financial Statements* does not include an Aus paragraph similar to paragraph Aus2.41.1. Paragraph Aus2.41.1 reflects the Board's reassessment of the extent to which specific not-for-profit commentary is needed in the *Conceptual Framework* for a balanced coverage of all sectors.
Aus4.4.1	To clarify that for a not-for-profit entity, the potential to produce economic benefits is synonymous with the notion of service potential	Paragraph Aus4.4.1 provides relevant not-for-profit commentary corresponding to paragraph 4.4 of the *Conceptual Framework*. The paragraph is drawn from paragraph Aus49.1 of the *Framework for the Preparation and Presentation of Financial Statements*, modified to be consistent with the definition of an economic resource (asset) in paragraph 4.4 of the *Conceptual Framework*.
Aus4.16.1	To clarify that for a not-for-profit entity, the provision of goods and services might not result in cash inflows to the entity	Paragraph Aus4.16.1 provides relevant not-for-profit commentary corresponding to paragraph 4.16 of the *Conceptual Framework*. The paragraph is drawn from paragraph Aus54.1 of the *Framework for the Preparation and Presentation of Financial Statements*, modified to be consistent with the definition of an asset in the *Conceptual Framework*.
Aus4.16.2	To clarify that for a not-for-profit entity the absence of cash inflows does not mean that the goods or services have no utility or value, or preclude the entity from benefiting from the assets used to provide the goods and services	Paragraph Aus4.16.2 replicates paragraph Aus54.2 of the *Framework for the Preparation and Presentation of Financial Statements*. It provides relevant not-for-profit commentary complementary to paragraph 4.16 of the *Conceptual Framework*.
Aus4.25.1	To acknowledge a different type of transaction commonly undertaken by not-for-profit entities	Paragraph Aus.4.25.1 provides not-for-profit context to paragraph 4.25 of the *Conceptual Framework*, particularly in view of the prevalence and importance of agency relationships in the not-for-profit sector.
Aus4.67.1	To explain how references in the *Conceptual Framework* to an equity claim should be interpreted because a not-for-profit entity typically would not have equity claims on its assets	Paragraph Aus4.67.1 provides not-for-profit context to the term 'equity claim' because in the not-for-profit sector a 'residual interest' often is not held in the form of an equity claim.
Aus6.30.1	To clarify that for a not-for-profit entity the predictive value of historical cost information is not limited to predicting future margins and prospects for future cash flows	Paragraph Aus6.30.1 provides not-for-profit context to paragraph 6.30 of the *Conceptual Framework* because in the not-for-profit sector the predictive value of historical cost for assessing future costs is not limited to predicting future margins and prospects for future cash flows but applies to decision making about those costs in their own right.
Aus6.41.1	To clarify that for a not-for-profit entity the predictive value of	Paragraph Aus6.41.1 provides not-for-profit context to paragraph 6.41 of the *Conceptual Framework* because in

Paragraph	Purpose of the paragraph	Rationale for the paragraph
	current cost information is not limited to predicting future margins	the not-for-profit sector the predictive value of current cost for assessing future costs is not limited to predicting future margins but applies to decision making about those costs in their own right. The paragraph also provides a not-for-profit counterbalance to paragraph 6.41 by acknowledging that margins might be assessed more broadly in not-for-profit entities because cost recoveries could occur through income received at an entity-wide level.
Aus6.55.1	To signal that another measurement basis might provide more relevant information about assets whose economic benefits are represented by their service potential, rather than their ability to generate cash flows	Paragraph Aus6.55.1 provides a not-for-profit counterbalance to paragraph 6.55 of the *Conceptual Framework* because the value of an asset to a not-for-profit entity may be in its service potential rather than its ability to generate cash inflows indirectly. For these assets, how the asset produces cash flows may not indicate the measurement basis that provides the most relevant information.
Aus6.56.1	To signal that another measurement basis might provide more relevant information about assets whose economic benefits are represented by their service potential, rather than their ability to generate cash flows	Paragraph Aus6.56.1 provides a not-for-profit counterbalance to paragraph 6.56 of the *Conceptual Framework* because the value of an asset to a not-for-profit entity may be in its service potential rather than its ability to generate cash inflows directly. For these assets, how the asset produces cash flows may not indicate the measurement basis that provides the most relevant information.
Appendix	To add Aus paragraph references to the listing of defined terms to clarify how the terms 'economic resource', 'equity claim' and 'primary users' apply in a not-for-profit context	The additions to the listing of defined terms signal that there is a not-for-profit context to various defined terms. This ensures consistency between the Appendix and the body of the *Conceptual Framework*.

BC42 The Board considered the paragraphs noted in Table 1 to sufficiently balance the for-profit and not-for-profit aspects of the *Conceptual Framework* such that the pronouncement is suitable as a conceptual framework for Australian not-for-profit entities. While the Board is conscious that there are aspects of the *Conceptual Framework* that potentially could be reviewed or further improved (for example, to address going concern in restructuring scenarios), the Board has not identified any further not-for-profit modifications that are needed at this time before making the *Conceptual Framework* applicable to not-for-profit entities. These include the potential aspects described in paragraphs BC43–BC54.

The role of accountability in a conceptual framework for not-for-profit entities

BC43 The Board was aware from its research and outreach activity that some stakeholders contend that accountability needs to be given more prominence in a conceptual framework for not-for-profit entities and that its positioning may need to be reconsidered. The positioning of management stewardship or accountability in a conceptual framework could be important because it could affect the decisions the Board or preparers make in deciding what information to require or disclose in general purpose financial reports.

BC44 Other than the limited amendments described in Table 1 in paragraph BC41, the Board decided not to make any changes to the *Conceptual Framework* in this regard for the foreseeable future. In making this decision, the Board considered the benefits of having the *Conceptual Framework* supersede the *Framework for the Preparation and Presentation of Financial Statements* for not-for-profit entities as soon as possible, current developments that are likely to advance thinking on this aspect in the medium term (including its current project on Service Performance Reporting and advancements in sustainability reporting), its work program priorities and resourcing constraints. The costs of not undertaking work in this regard include the opportunity costs of maintaining the status quo; for example the forgone opportunity to future-proof the conceptual framework.

BC45 The Board noted that it had sought feedback in AASB Discussion Paper *Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)* on the appropriateness of the objective of general purpose financial reporting depicted in the *Framework for the Preparation and Presentation of Financial*

Statements. This objective is carried forward into the *Conceptual Framework*. As the Board received only comparatively limited feedback to its question, and as the majority of the feedback responded affirmatively, the Board had some comfort in not considering in more detail the role of accountability in a conceptual framework for not-for-profit entities as a matter of urgency. The Board did not receive any feedback to ED 334 that would suggest otherwise.

Users of general purpose financial reports of not-for-profit entities

BC46 When developing its proposals, the Board observed feedback from research and outreach activity that some stakeholders contend that the users of general purpose financial reports of not-for-profit entities should be more broadly regarded; for example, that regulators, members, government bodies and government officials should also be specifically identified as users of the general purpose financial reports of not-for-profit entities. The identification of the primary users of general purpose financial reports of not-for-profit entities is important because it could affect the decisions the Board makes in deciding what information should be reported as part of the financial report.

BC47 The amendments to the *Conceptual Framework* acknowledge that the term 'donors' might not appropriately describe all similar funders of a not-for-profit entity (for example, philanthropists might be distinguished from other 'donors' and government funders might not best be described as 'donors') and re-order the identified users. When reviewing the *Conceptual Framework* for its suitability for use by not-for-profit entities, the Board decided not to update the guidance on the identification of users of general purpose financial reports of not-for-profit entities taken from the *Framework for the Preparation and Presentation of Financial Statements* for the foreseeable future, except in this regard. In forming its decision, the Board considered the benefits of having the *Conceptual Framework* supersede the *Framework for the Preparation and Presentation of Financial Statements* for not-for-profit entities as soon as possible, developments that could advance thinking on this aspect in the medium term (including its Public Sector Financial Reporting Framework project, pronouncements issued by the INPRF and advancements in sustainability reporting), its work program priorities and resourcing constraints.

BC48 The Board noted that it had sought feedback in AASB Discussion Paper *Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)* on the appropriateness of the primary users of general purpose financial reports of a not-for-profit entity as identified in the *Framework for the Preparation and Presentation of Financial Statements*. These users are carried forward into the *Conceptual Framework*. As the Board received only comparatively limited feedback to its question, and as the majority of the feedback responded affirmatively, the Board had some comfort in not reviewing the set of primary users of the general purpose financial reports of a not-for-profit entity in its conceptual framework as a matter of urgency. The Board did not receive any feedback to ED 334 that would suggest otherwise.

Describing further types of useful information in Chapter 1

BC49 The Board observed that there are other types of information that some users of the general purpose financial reports of a not-for-profit entity might consider to be relevant to their decision making because, for example, the information assists them in interpreting financial information in the general purpose financial statements. For some users, such 'other information' may include information about the entity's service performance. The Board noted that the IPSASB's conceptual framework document explicitly comments on the relevance of service performance information.

BC50 The Board decided not to propose an amendment to the *Conceptual Framework* to explicitly acknowledge the relevance of information about a not-for-profit entity's service performance to users of its general purpose financial reports. The Board noted that there is no urgency to do so, and that such an amendment might be premature if made in advance of decisions that the Board might make on its separate Service Performance Reporting project. Additionally, the Board observed that some users of for-profit entity financial reports might also consider information about the entity's service performance, or information about the entity's targets and outcomes, to be important to their decision making, but the *Conceptual Framework* has not addressed such information in respect of for-profit entities.

Extending Chapter 6 and Chapter 8 to not-for-profit entities

BC51 The Board observed that until it completes consideration of all the not-for-profit-specific issues potentially affecting the application of Chapter 6 *Measurement* by a not-for-profit entity, there is a risk that in the absence of a Standard covering a measurement issue, a not-for-profit entity might need to apply concepts that do not take adequate account of the not-for-profit environment. This might produce measurements that result in sub-optimal attainment of the qualitative characteristics, or result in undue cost and effort for entities in trying to apply for-profit-focused concepts in a not-for-profit environment. Consequently, the Board deliberated

whether the applicability of Chapter 6 should, for the interim, continue to be limited to only for-profit private sector entities.

BC52 The Board decided to extend Chapter 6 to not-for-profit entities applying the *Conceptual Framework* for the following reasons:

(a) the importance of guidance on measurement to a conceptual framework. Further, the Chapter is generally non-prescriptive because it focuses on factors to consider in making decisions about measurement. Therefore, much of the Chapter sets out useful guidance for not-for-profit entities;

(b) the measurement requirements for assets and liabilities of a not-for-profit entity are fairly comprehensively covered by existing Australian Accounting Standards. Consequently, the Board is likely to be the only 'user' of this chapter of the *Conceptual Framework*, and in setting Standards the Board can depart from the *Conceptual Framework*. Extending the Chapter to not-for-profit entities is unlikely to result in any undesirable changes in practice; and

(c) the practical challenges, otherwise, for practitioners who deal with both for-profit and not-for-profit entities.

BC53 The Board is aware that conceptual differences remain between the IPSASB conceptual framework and the *Conceptual Framework* regarding suitable measurement bases of assets of not-for-profit entities, and observed that further work is being undertaken by the IPSASB regarding the applicability of its current operational value measurement basis at a standards level. The Board noted that at a standards level it has relatively recently reconfirmed fair value as an appropriate current value measurement basis, in preference to current operational value, for assets held primarily by not-for-profit entities for their operational capacity (see AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*). The Board further observed that Australian stakeholders have previously supported fair value as a sole appropriate current value measurement basis over current operational value. That is, the Board has recently made standards-level decisions that differ from those that the IPSASB might make for similar assets. Consequently, the Board decided that any further work on measurement bases should not delay or otherwise affect its decision to extend Chapter 6 to not-for-profit entities.

BC54 The Board observed that similar considerations to those set out in paragraph BC52 apply also to Chapter 8 *Concepts of Capital and Capital Maintenance*. Consequently, and on further noting that the content of Chapter 8 is largely unchanged from that set out in the *Framework for the Preparation and Presentation of Financial Statements*, the Board decided that Chapter 8 is also relevant for not-for-profit entities applying the *Conceptual Framework*.

Consequential amendments to Australian Accounting Standards

Amendments to AusCF paragraphs

BC55 An AusCF 'signpost' paragraph explaining the entities to which AusCF paragraphs were applicable was previously added into those Australian Accounting Standards that needed to maintain a reference to the *Framework for the Preparation and Presentation of Financial Statements* and/or referred to a 'reporting entity' in the text of the pronouncement. This Standard amends these AusCF paragraphs to reflect that many not-for-profit entities will no longer qualify as an AusCF entity. As such, AusCF paragraphs within the Australian Accounting Standards will no longer apply to these entities.

BC56 While the cohort of entities that are AusCF entities will be limited following the proposals, the Board decided to retain the AusCF 'signpost' paragraph, largely unamended. The Board made this decision so as to concentrate its proposals on amendments affecting only not-for-profit entities.

Transitional provisions – references to the *Conceptual Framework*

BC57 AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework* and AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018–2020 and Other Amendments* made amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the *Conceptual Framework* and to recognise the Board's decision to adopt a phased approach to applying the *Conceptual Framework* to Australian entities. The consequential amendments to some pronouncements included transitional provisions that recognise that the concepts set out in the *Conceptual Framework* now apply, rather than those set out in the *Framework for the Preparation and Presentation of Financial Statements*.

BC58 The Board considered that not-for-profit entities should not be disadvantaged from accessing those transitional provisions compared to their for-profit private sector entity counterparts because of the Board's previous

decision to defer applying the *Conceptual Framework* to not-for-profit entities. Consequently, the Board decided to replicate these transitional provisions for not-for-profit entities that will no longer be an AusCF entity under the extended application of the *Conceptual Framework.*

Australian additional disclosures for special purpose financial statements

BC59 Following these amendments, some not-for-profit entities required only by their constituting or other document to prepare financial statements that comply with Australian Accounting Standards may continue to present special purpose financial statements. The Board decided that not-for-profit private sector entities required only by their constituting or other document to comply with Australian Accounting Standards should disclose information about the reporting framework adopted and whether the financial statements prepared are general purpose or special purpose. The Board also decided that where special purpose financial statements are prepared, the entity should disclose information about the extent of compliance of those financial statements with Australian Accounting Standards.

BC60 The Board observed that its decisions:

(a) are consistent with transaction neutrality, as it effects consistency with the cohort of for-profit private sector entities for which such information is required;

(b) improve the transparency of the financial statements to users of the special purpose financial statements of a not-for-profit private sector entity required only by its constituting or other document to comply with Australian Accounting Standards; and

(c) are unlikely to be onerous for entities to implement.

BC61 When deciding what information should be disclosed in special purpose financial statements about the extent of compliance of those financial statements with Australian Accounting Standards, the Board considered:

(a) the feedback received on AASB Invitation to Comment ITC 51 *Post-implementation Review of Not-for-Profit Topics – Control, Structured Entities, Related Party Disclosures and Basis of Preparation of Special Purpose Financial Statements*. The feedback received did not indicate any concern about the disclosures applicable to not-for-profit entities before these amendments. The Board also observed that the disclosures applying to for-profit private sector entities are generally consistent with those applying to not-for-profit private sector entities before these amendments. Both of these findings suggested to the Board that the specified disclosures remain useful to make; and

(b) whether to require not-for-profit private sector entities to disclose information about the accounting policies applied in preparing the special purpose financial statements. Such information provides context to other specified disclosures, so that the information set is more complete. The Board noted that the value of financial statements might be limited if users cannot interpret or understand the financial statements because of the absence of explanatory accounting policies that would enable an assessment of the verifiability of the information. As the disclosure is not onerous for entities to provide because the disclosure is a detailing of actual practice and impact, the Board decided that this information is warranted, especially as an entity might not otherwise be subject to a requirement to disclose such information.

BC62 In addition, the Board discussed whether certain disclosures may be too burdensome for these not-for-profit private sector entities to make, since entities might need to perform accounting policy investigations that would not otherwise be required. Resultantly, the Board decided that a 'not assessed' option should apply to the disclosures about the extent of compliance with the recognition and measurement requirements in Tier 1: Australian Accounting Standards, specified by paragraphs 9A(e) and (f) of AASB 1054, which is consistent with previously applicable requirements. The Board noted that it had not been necessary to give for-profit private sector entities such relief, as these entities are less likely to be resource-constrained, and as there is an expectation that good governance should include consideration of the topics addressed by the disclosures. The 'not assessed' option does not apply to the other disclosures required as such information is expected to form part of an entity's consideration in preparing its financial statements.

BC63 The Board acknowledged that the comparability benefits of information about the extent of compliance of a not-for-profit private sector entity's special purpose financial statements with the recognition and measurement requirements in Tier 1: Australian Accounting Standards are likely to be limited since the applicable financial statements are less likely to be publicly available. Also, the Board noted that it does not have empirical or other data demonstrating that the specified information is useful to the users of special purpose financial statements of not-for-profit private sector entities required only by their constituting document or other document to prepare financial statements that comply with Australian Accounting Standards. The Board received feedback from a few stakeholders that the disclosures are therefore not

warranted, as the cost/benefit relationship is not evident. However, as the specified disclosures are likely to add only minimal cost to entities, in the absence of evidence demonstrating that the specified information is not useful the Board decided that, overall, these limitations do not outweigh the potential benefits of the disclosure for users, including improved transparency and comparability, as well as maintaining consistency with requirements applying to for-profit private sector entities (subject to the exception for a not-for-profit private sector entity that does not assess the extent to which its material accounting policies comply with Tier 1: Australian Accounting Standards).

BC64 The Board decided to limit the applicability of the amendments to the special purpose financial statement disclosure requirements in AASB 1054 to not-for-profit private sector entities only, at least for the interim. The Board observed that while some not-for-profit public sector entities might previously have been required to provide certain disclosures in special purpose financial statements, limiting the cohort to which the disclosure requirements apply to not-for-profit private sector entities provides consistency in reporting between public sector entities that are for-profit or not-for-profit in nature and recognises that the Board's project to review the financial reporting framework for public sector entities is being undertaken on a separate timeline.

Relief for entities preparing general purpose financial statements for the first time

BC65 Stakeholders responding to the AASB Discussion Paper *Development of Simplified Accounting Requirements (Tier 3 Not-for-Profit Private Sector Entities)* commented on the need for the Board to develop appropriate transitional provisions for not-for-profit entities that would be required to prepare general purpose financial statements for the first time as a result of the Board's proposal to extend the applicability of Australian Accounting Standards to more entities. Consequently, the Board considered what further transitional provisions, if any, might be appropriate in the following scenarios:

(a) an entity transitioning from preparing special purpose financial statements to preparing general purpose financial statements that comply with Tier 1 reporting requirements;

(b) an entity transitioning from preparing special purpose financial statements to preparing general purpose financial statements that comply with Tier 2 reporting requirements; and

(c) an entity transitioning from preparing special purpose financial statements to preparing general purpose financial statements that comply with Tier 3 reporting requirements.

BC66 The Board decided not to develop any further transitional provisions to assist not-for-profit entities preparing general purpose financial statements that comply with Tier 1 reporting requirements for the first time. In forming this view, the Board considered the following:

(a) the Board did not develop specific transitional requirements to assist for-profit private sector entities preparing general purpose financial statements that comply with Tier 1 reporting requirements for the first time as a result of the Board's project to extend Australian Accounting Standards to more for-profit private sector entities;

(b) the Board expects that a significant majority of the affected not-for-profit entities would not need to commence preparing general purpose financial statements that comply with Tier 1 reporting requirements when the ability to prepare special purpose financial statements is removed. In forming this conclusion, the Board noted that no regulators researched for the purposes of AASB Research Report No. 5 *Financial Reporting Requirements Applicable to Charities* (October 2017) required not-for-profit private sector entities to lodge general purpose financial statements that comply with Tier 1 reporting requirements. Also, the Board's previous research and feedback from its targeted outreach to public sector stakeholders suggested that the use of special purpose financial statements in the public sector is expected to be limited; and

(c) AASB 1 already includes specific additional provisions for not-for-profit entities, such as in respect of certain leases held by such entities.

BC67 Regarding entities transitioning from preparing special purpose financial statements to preparing general purpose financial statements that comply with Tier 2 reporting requirements, the Board noted that AASB 2020-2 included (in AASB 1053, Appendix E) short-term transitional relief in the form of optional short-term exemptions from the requirements of AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* for for-profit private sector entities preparing their first general purpose financial statements consequential to the Board's project to extend Australian Accounting Standards to more for-profit private sector entities. AASB 2020-2 accorded for-profit private sector entities applying AASB 1060 optional relief from:

(a) distinguishing the correction of errors and changes in accounting policy;

(b) presenting comparative information not previously disclosed in the notes; and

(c) restating comparative information, provided certain conditions are met.

BC68 This relief was given having regard to the expected number of for-profit private sector entities that would become first-time adopters of Australian Accounting Standards when AASB 2020-2 became effective. The sacrifice of useful comparative information in exchange for the early adoption of AASB 1060 was considered, overall, to be warranted when balanced against the expected costs – which were expected to be aggravated by the available lead time between the issue of AASB 2020-2 and its implementation – for the affected population.

BC69 The Board considered that, similarly, a significant number of not-for-profit entities might be compelled to become first-time adopters of Australian Accounting Standards on adoption of the amendments in this Standard. Like the for-profit private sector entity cohort, some not-for-profit entities might encounter challenges in collecting the financial information necessary to transition from the previously applied accounting policies to those specified by Australian Accounting Standards. Consistent with the Board's reasons previously for making available to not-for-profit entities a 'not assessed' option for the disclosure of information in special purpose financial statements about the extent of the entity's compliance with the recognition and measurement policies specified by Tier 1: Australian Accounting Standards, the Board recognised that not-for-profit entities might find this task more challenging – and consequently, more costly – than would a for-profit entity.

BC70 Consequently, the Board decided that not-for-profit entities should similarly have access to some transitional relief. In the interests of transaction neutrality, the Board considered that the form of the relief should mirror that previously made available to for-profit private sector entities. Having regard to the reason and short-term nature of the relief available to for-profit private sector entities, the Board proposed limiting the availability of transition relief only to early adopters of the resulting Standard, to similarly encourage not-for-profit entities to transition early to general purpose financial statements.

BC71 Many stakeholders agreed with the form of the relief, but disagreed that the relief should be available only to early adopters of the Standard. Stakeholders considered that:

(a) transitional relief should be available whenever a not-for-profit entity determines that is in their best interests to adopt the amendments, as this is consistent with a principle that relief is only developed where there is a sound basis or set of conditions for doing so;

(b) the benefit of the relief might be limited given not-for-profit entity resource constraints (including because of other current reporting developments becoming effective);

(c) the quality of the reporting might suffer if entities do not have a full understanding of the applicable Australian Accounting Standards as a result of the shorter implementation period that early adoption would require;

(d) the relief should be consistent with the period-unrestricted relief available to entities transitioning from Tier 3: Australian Accounting Standards – Simplified Accounting to Tier 2: Australian Accounting Standards – Simplified Disclosures; and

(e) to more accurately mirror the relief accorded to for-profit private sector entities, the exemption from distinguishing the correction of errors and changes in accounting policies should be made available also to the first year of adoption.

BC72 The Board observed that its primary objective in developing relief was to support a significant number of not-for-profit entities currently preparing special purpose financial statements through their transition process, and that it might not meet this objective if entities are not expected to adopt the amendments early. Also, finalising the relief in the manner proposed might encourage entities to structure adoption of Tier 2 reporting requirements in a manner that allows the entity to access similar relief, without restriction.

BC73 Therefore, having regard to the feedback received, the Board was convinced not to reaffirm its proposal to specify relief only for early adopters of the Standard. This Standard amends AASB 1053 (by adding Appendix F) so that a first-time adopter of Tier 2 reporting requirements will have access to the same optional exemptions in its first Tier 2-compliant general purpose financial statements regardless of whether the entity's most recent previous financial statements were special purpose financial statements, or general purpose financial statements complying with Tier 3 reporting requirements.

BC74 The Board's considerations in respect of a not-for-profit entity transitioning from preparing special purpose financial statements to preparing general purpose financial statements that comply with Tier 3 reporting requirements are set out in its Basis for Conclusions accompanying AASB 1061.

BC75 AASB 1061 also amends AASB 1053 to introduce requirements for instances where an entity that is not a first-time adopter of Australian Accounting Standards begins or ceases to prepare general purpose financial

statements that comply with Tier 3 reporting requirements. In respect of similar movements between Tier 1 and Tier 2 reporting requirements, the Board considered that there is no case for developing further transitional relief because:

(a) AASB 1053 already specifies requirements for movements between Tier 1 and Tier 2 reporting requirements;

(b) entities that already prepare general purpose financial statements are not obligated to change their present reporting tier when this Standard becomes effective; and

(c) relief to assist an entity transitioning from Tier 1: Australian Accounting Standards (and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements) to Tier 2: Australian Accounting Standards – Simplified Disclosures was previously already made available to not-for-profit entities in AASB 2021-1 *Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities* (see paragraph B1 of AASB 1060).

Transition from unconsolidated Tier 2 general purpose financial statements to consolidated Tier 2 general purpose financial statements

BC76 AASB 2022-2 *Amendments to Australian Accounting Standards – Extending Transition Relief under AASB 1* added paragraph 20A to AASB 1053 to allow for-profit private sector parent entities transitioning from unconsolidated general purpose financial statements to consolidated Tier 2 – Simplified Disclosures general purpose financial statements for the first time to do so by applying AASB 1. These parent entities might not have previously consolidated their subsidiaries based on their determination that the consolidation exemption in AASB 10 was available because neither the parent nor the group was a reporting entity as defined by SAC 1.

BC77 At that time, the Board considered whether the scope of the relief should extend also to not-for-profit entities that might similarly transition from unconsolidated general purpose financial statements to consolidated general purpose financial statements when AASB 1060 became operative. The Board decided it was not necessary to do so then, because not-for-profit entities were not affected by the Board's work to supersede SAC 1 for for-profit private sector entities. Therefore, the Board concluded that a not-for-profit entity could carry forward its interpretation of how AASB 10 applies to it (such that the entity could prepare single-entity Tier 2 – Simplified Disclosures general purpose financial statements, applying the exemption in AASB 10, if appropriate). Further, the Board observed that the relief offered by paragraph 20A of AASB 1053 is not strictly necessary due to the requirements in paragraph D17 of AASB 1, which enable much the same outcome to be achieved.

BC78 Once the amendments set out in this Standard are operative, more not-for-profit parent entities formerly not preparing consolidated general purpose financial statements that comply with Tier 2 reporting requirements might find themselves now needing to prepare consolidated financial statements. Consequently, the Board revisited whether paragraph 20A of AASB 1053 should apply also to not-for-profit entities. The Board decided to amend paragraph 20A to extend the relief specified by that paragraph to not-for-profit entities in recognition of the changed reporting landscape, noting that providing clarity that AASB 1 is available would be helpful to not-for-profit entities, and that making the amendments would be consistent with transaction neutrality. (Paragraph 20A was also renumbered by this Standard as paragraph 20C due to other amendments of AASB 1053 made by AASB 1061.)

Effective date

BC79 When identifying a suitable effective date that would give stakeholders adequate time to prepare for implementing the requirements, the Board had regard to its considerations in setting an effective date for AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities* and stakeholder feedback and lessons from implementation of that Standard, the implementation period of AASB 1 *First-time Adoption of Australian Accounting Standards* when first issued in 2004, the size of the population of potentially affected not-for-profit entities and the nature of the amendments. The Board also had regard to the status of regulatory efforts to improve consistency in the reporting requirements for various types of not-for-profit entities.

BC80 A staggered effective date approach was considered and rejected by the Board as being unnecessarily complex.

BC81 The Board decided to align the effective date of the amendments with the effective date of AASB 1061, ie reporting periods beginning on or after 1 July 2029. The effective date acknowledges the practical implications of the amendments for some not-for-profit entities, and ensures that not-for-profit private sector entities that will have to prepare general purpose financial statements following the amendments will have access to a 'simpler' form of general purpose financial statements (Tier 3) on having to do so, subject to any regulatory

response. The longer implementation period also accords entities that will transition from preparing special purpose financial statements to preparing general purpose financial statements sufficient time to prepare for the change. Each entity will need to determine which tier of general purpose financial statements is sufficient and appropriate to satisfy the legislative (or other) requirement under which they are prepared and its own objectives.

BC82 When finalising the effective date, the Board received feedback that a three-year implementation period might be insufficient because not-for-profit private sector entities do not yet have clarity as to whether the entity will be prevented from preparing financial statements that comply with Tier 3 reporting requirements by their relevant regulatory body. The Board observed that the effective date could be revisited and extended in the future, if circumstances necessitate it being reviewed.

BC83 The Board decided to permit early adoption of the amendments, consistent with the nature of the amendments being to advance the conceptual thinking for not-for-profit entities and to improve the quality of financial reporting by not-for-profit entities overall.