Australian Government
Australian Accounting Standards Board

Not-for-profit entity requirements in Australian Accounting Standards (Updated December 2008)

This document identifies requirements in Australian Accounting Standards that relate specifically to not-for-profit (NFP) entities. Part A sets out the main issues and accounting treatments required when a NFP entity has a for-profit subsidiary. Part B identifies paragraphs in Australian Accounting Standards relating to NFP entities and contains brief descriptions of the reasons for including specific paragraphs.

Some NFP paragraphs referred to in "Part B – Not-for-profit requirements" are not referred to in "Part A – Issues and accounting treatments when a NFP parent has a for-profit subsidiary". In these circumstances, it is expected that the NFP paragraphs will not impact on accounting treatments by the for-profit subsidiary or NFP parent, or have been included to provide additional guidance.

Part A – Issues and accounting treatments when a NFP parent has a for-profit subsidiary

The requirements to align subsidiary with parent accounting policies are contained in AASB 127 *Consolidated and Separate Financial Statements*, which states at paragraph 24: "Consolidated financial statements shall be prepared using uniform accounting policies for like transactions and other events in similar circumstances".

When undertaking its short-term review of AAS 31 *Financial Reporting by Governments*, the Board decided that it is not necessary to retain paragraph 8.2.4, which said: "Where the accounting policies adopted by entities within the government reporting entity are dissimilar, adjustments may need to be made in preparing the consolidated financial report to achieve consistency, unless the dissimilar accounting policies are required by another Australian Accounting Standard. …" because the requirements in AASB 127 are clear. Paragraph BC24 of AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* (issued in December 2007) notes that this approach avoids the inappropriate interpretation that adjustments are not required when preparing consolidated financial statements.

This Part is split into two sections. Section A outlines issues associated with specific requirements of Australian Accounting Standards that have a possible impact when a for-profit entity is incorporated into the consolidated financial statements of a NFP entity. Section B outlines issues associated with specific requirements of Australian Accounting Standards that could be thought to have an impact when a for-profit entity is incorporated into the consolidated financial statements of a NFP entity, but which AASB staff consider will have minimal impact.

Section A. Issues with possible impacts

A1. Valuation of non-current assets	
Relevant Standards	AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 116 *Property, Plant and Equipment*, AASB 136 *Impairment of Assets*, AASB 138 *Intangible Assets*
Accounting Treatment • **For-profit** • **NFP**	 Revaluation increments and decrements offset by individual asset. Revaluation increments and decrements offset by class of assets.
Comment	The following discussion should be read in the context that if a NFP parent is a government, AASB 1049 *Whole of Government and General Government Sector Financial Reporting* limits the extent to which the option of subsequently measuring non-current assets at cost can be adopted. The NFP consolidated financial statements would treat the offset of revaluation increments and decrements associated with non-current assets of the for-profit subsidiary on a class basis (rather than an individual asset basis). The for-profit subsidiary may need to keep sufficient records on each class of non-current asset.

	The following factors will all have a bearing on whether two sets of records will need to be maintained by the for-profit entity: (a) whether the class is held at cost or fair value in the for-profit financial statements; (b) whether the class is included in an existing class or created as a separate class in the NFP consolidated financial statements; and (c) whether the class is treated on a cost or fair value basis in the NFP consolidated financial statements. AASB 116 and AASB 138 permit an entity to choose to measure each class of non-current assets (subject to certain criteria being met) at either fair value or cost after initial recognition. The problem created by different for-profit and NFP requirements relates to revalued assets and could be avoided if either or both the NFP parent and the for-profit subsidiary measure non-current assets at cost (after initial recognition). If the NFP parent revalues non-current assets in its own financial statements and the for-profit subsidiary measures non-current assets at cost in its own financial statements, in the NFP consolidated financial statements some classes of assets could be revalued, whilst continuing to measure the for-profit class of non-current assets as a separate class at cost. Treating the class of non-current assets as a separate class in the NFP consolidated financial statements could only occur when the NFP parent does not have that particular class of non-current assets. If the for-profit entity measures the class of non-current assets at cost, then there would be no difference in accounting treatment (and consequently two sets of records would not be required to be maintained) if that class were to be included in an existing class in the NFP consolidated financial statements (i.e. no separate class would be created), and that class is held at cost. This is because, impairment losses and reversal of impairment losses associated with non-current assets held on a cost basis are treated on an individual asset or cash-generating unit basis, as applicable whether the entity is for-profit or NFP. These situations avoid the need to maintain records on both an individual asset basis and class of assets basis. When the for-profit entity measures the class of non-current assets at cost, and it is included in an existing class in the NFP consolidated financial statements that is held at fair value, then separate records must be maintained. When the for-profit entity has a class of non-current assets held at fair value, then regardless of whether the class is included in existing classes in the NFP consolidated financial statements or whether the class is maintained as a separate class in the NFP consolidated financial statements, two sets of records will need to be maintained regardless of whether the class is to be valued on a cost or fair value basis in the NFP consolidated financial statements.

A2. Cash generating units	
Relevant Standards	AASB 136 *Impairment of Assets*
Accounting Treatment • **For-profit**	Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit (CGU). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
• **NFP**	The same treatment that applies to for-profit entities applies to NFP entities when future cash flows are expected to be derived from an asset or CGU. When the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is depreciated replacement cost of an asset.

Comment	Recoverable amount is determined in accordance with AASB 136 as the higher of an asset's or CGU's fair value less costs to sell and value in use. It is expected that the CGUs identified for a for-profit subsidiary in its own financial statements would also be used in the NFP consolidated financial statements and that the majority (if not all) of the assets of the for-profit subsidiary would be cash generating, hence the for-profit definition of "value in use" would be used in relation to the for-profit subsidiary's assets in both the for-profit subsidiary's own financial statements and in the NFP consolidated financial statements. In the circumstance when a for-profit entity has a non-cash generating asset, then a difference in valuation requirements may occur when determining recoverable amount. In the for-profit subsidiary's own financial statements, it would be expected that fair value less costs to sell would be higher than value in use (value in use would be zero because the asset is non-cash generating). However, a difference in NFP requirements will arise when depreciated replacement cost of the asset is greater than the asset's fair value less costs to sell. In this circumstance, the impairment loss would need to be reversed to the extent that depreciated replacement cost exceeded fair value less costs to sell in preparing the NFP consolidated financial statements.

A3. Grants	
Relevant Standards	AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, AASB 1004 *Contributions*, AASB 141 *Agriculture* Consequentially affected Standards – AASB 112 *Income Taxes*, AASB 123 *Borrowing Costs*, AASB 138 *Intangible Assets*
Accounting Treatment • **For-profit** • **NFP**	 Apply AASB 120 Apply AASB 1004
Comment	In preparing the NFP consolidated financial statements it would be necessary to treat the grant / contribution of the for-profit subsidiary in accordance with AASB 1004 rather than AASB 120. Under AASB 120, grants are more likely to be treated initially as liabilities and "amortised" into the income statement in contrast to AASB 1004 requirements. It is unlikely that a for-profit entity would receive grants / contributions that would be required to be treated in accordance with AASB 120 in its own financial statements. However, if this circumstance arises, records must be maintained for the item accounted for in accordance with AASB 120 and the corresponding treatment in accordance with AASB 1004. When the grant relates to a biological asset, records must be maintained for the item accounted for in accordance with the for-profit requirements in AASB 141 when the biological asset is measured at fair value less estimated point of sale costs or AASB 120 when the biological asset is measured at its cost less any accumulated impairment losses (as relevant) and its corresponding NFP treatment in accordance with AASB 1004. Records should also be maintained for the impact on consequentially affected Standards. These include AASB 112 that would require the for-profit entity to keep two sets of records to determine tax implications associated with the different accounting treatments for grants / contributions. It would also include AASB 123 that would require the for-profit entity to keep two sets of records when a grant is received relating to a qualifying asset.

A4. Assets received at no cost or nominal cost	
Relevant Standards	AASB 102 *Inventories*, AASB 116 *Property, Plant and Equipment*, AASB 138 *Intangible Assets*, AASB 140 *Investment Property*
Accounting Treatment • **For-profit**	All inventories, property, plant and equipment, intangible assets and investment property are initially measured at cost, including when the cost is zero or nominal.
• **NFP**	All inventories, property, plant and equipment, intangible assets and investment property received at no cost or nominal cost are initially recognised at fair value at date of acquisition.
Comment	When a for-profit subsidiary acquires assets at no cost or nominal consideration, the NFP consolidated financial statements would adjust the valuation of the asset from a for-profit measurement basis to a NFP measurement basis. The for-profit subsidiary would be expected to keep sufficient records about fair value to allow the measurement in accordance with the NFP requirements. It is not expected to be a significant issue because a for-profit entity is unlikely to receive assets at no cost or nominal cost.

A5. Inventories held for distribution[1]	
Relevant Standards	AASB 102 *Inventories*
Accounting Treatment • **For-profit**	Inventories are subsequently measured at the lower of cost and net realisable value.
• **NFP**	Inventories are subsequently measured at cost, adjusted when applicable for any loss of service potential.
Comment	Different for-profit and NFP accounting treatments would only arise if a for-profit subsidiary has inventory that would be classified as held for distribution in the context of a NFP entity and an event has occurred that leads the for-profit subsidiary to write down that inventory below cost. Accordingly, the for-profit subsidiary would write the inventory down to net realisable value whilst in the context of the NFP parent, the write down would be by the amount of any loss of service potential. A difference may arise because net realisable value (the for-profit requirement) is determined on a selling basis in contrast to any adjustments for a loss of service potential for the NFP entity that would not necessarily have regard to the selling perspective. It is unlikely that a for-profit entity would hold inventory for distribution and therefore this issue is not expected to arise very often.

A6. Disclosure	
Relevant Standards	AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, AASB 102 *Inventories*, AASB 116 *Property, Plant and Equipment*, AASB 138 *Intangible Assets*
Accounting Treatment • **For-profit**	Disclosure requirements are set out in AASB 102.36, AASB 116.77 and AASB 138.124.
• **NFP**	Disclosure requirements in relation to whole of government and GGS financial reporting are set out in AASB 1049. Other disclosure requirements are set out in AASB 102.36, AASB 102.Aus36.1, AASB 116.Aus77.1 and AASB 138.Aus124.1.

1 A similar situation arises in respect of services to be provided at no cost or nominal cost. This issue has not been separately discussed because the likelihood of this transaction occurring is remote.

Comment	AASB 1049 requires: • specified disclosures, including those related to GAAP / GFS harmonisation such as reconciliations between GAAP and GFS measures of key fiscal aggregates and Public Non-financial Corporations (PNFC) and Public Financial Corporations (PFC) sector information, to be included in the summary of significant accounting policies note and other explanatory notes; • disclosure of a description of each broad function of the whole of government and GGS as specified in the ABS GFS Manual, and the assets, and expenses (excluding losses) included in operating result, that are reliably attributable to those functions. This information is to be aggregated. The aggregate of expenses (excluding losses) included in operating result is to be reconciled to the aggregate amount of expenses from transactions recognised in the operating statement; and • where budgeted financial statements are presented to parliament, disclosure of the original budgeted financial statements, restated if necessary to align with the basis of the financial statements prepared in accordance with AASB 1049. It also requires disclosure of explanations of major variances between amounts in the original budget financial statements presented to parliament and actual amounts; To make these disclosures, including GFS measures of key fiscal aggregates and GAAP / GFS reconciliations, governments will need to collect relevant information from for-profit subsidiaries including those within the PNFC and PFC sectors. In addition, the for-profit subsidiary will make the disclosures required by AASB 102.36, AASB 116.77 and AASB 138.124 in its own financial statements. In the NFP consolidated financial statements, the disclosures in accordance with AASB 102.Aus36.1, AASB 116.Aus77.1 and AASB 138.Aus124.1 are required to be made. In relation to the requirements in AASB 116.Aus77.1 and AASB 138.Aus124.1, the corresponding for-profit requirements do not apply in the NFP consolidated financial statements. However, AASB 102 does not provide this exemption and, accordingly, NFP entities must also disclose the information required by AASB 102.36 in respect of inventory that is not held for distribution. AASB 102.Aus36.1 contains the disclosure requirements in respect of inventories held for distribution. The for-profit subsidiary would be expected to keep information to facilitate the preparation of the for-profit disclosures for its own financial statements, and the NFP disclosures in the NFP consolidated financial statements. However, it is unlikely that the for-profit subsidiary would have inventory ‘held for distribution’ (see issue A5).

Section B. Issues with no expected impact

B1. Non-commercial contracts	
Relevant Standards	AASB 111 *Construction Contracts*
Issue	Additional Australian Guidance has been included to clarify that non-commercial contracts of NFP entities are within the scope of AASB 111.
Comment	There is no expected impact because the guidance is not intended to change the scope of AASB 111.

B2. Control of an entity	
Relevant Standards	AASB 127 *Consolidated and Separate Financial Statements*
Issue	Additional guidance has been included as AASB 127.Aus17.1-17.10 on when “control” may exist in the public sector.
Comment	There is no impact expected because AASB 127.Aus17.1-17.10 is additional and does not replace AASB 127.13

B3. Terminology	
Relevant Standards	AASB 101 *Presentation of Financial Statements*
Issue	Terminology in the financial statements of a NFP entity.
Comment	The terminology used in the financial statements and for the financial statements themselves would be based on the suitability of the terminology for the NFP entity preparing the consolidated financial statements (AASB 101.5).

Part B – Not-for-profit requirements[2]

Not-for-profit (NFP) paragraph		Corresponding paragraph adopted from IFRS		Reason for including NFP paragraph
Framework for the Preparation and Presentation of Financial Statements (July 2004, amended to December 2007 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*)				
Aus15.1	In respect of not-for-profit entities, ownership groups and contributors of donations are generally not concerned with obtaining a financial return but are usually more interested in the ability of an entity to achieve its non-financial objectives, which in turn may depend upon the entity's financial position and financial performance.	15.	The economic decisions that are taken by users of financial statements require an evaluation of the ability of an entity to generate cash and cash equivalents and of the timing and certainty of their generation. This ability ultimately determines, for example, the capacity of an entity to pay its employees and suppliers, meet interest payments, repay loans and make distributions to its owners. Users are better able to evaluate this ability to generate cash and cash equivalents if they are provided with information that focuses on the financial position, financial performance and cash flows of an entity.	Acknowledgement that for-profit and NFP entities have different objectives. Paragraphs 16, 18 and 72 cross-reference to paragraph Aus15.1 for NFP entities to acknowledge these different objectives.
Aus49.1	In respect of not-for-profit entities in the public or private sector, 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. Future economic benefits or service potential is the essence of assets. Future economic benefits is synonymous with the notion of service potential, and is used in this *Framework* as a reference also to	49.	The elements directly related to the measurement of financial position are assets, liabilities and equity. These are defined as follows: (a) An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. (b) A liability is a present obligation of the entity arising from past events, the	Acknowledgement that for-profit and NFP entities have different objectives.

2 The Aus paragraphs listed in this table do not include those that are due to be superseded for annual reporting periods beginning on or after 1 January 2009. For example, paragraph Aus14.2 of AASB 101 *Presentation of Financial Statements* (which addresses circumstances in which compliance with Australian equivalents to IFRSs by for-profit entities will not lead to compliance with IFRSs), applicable to annual reporting periods beginning on or after 1 January 2008 but before 1 January 2009, is not included.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
service potential. Future economic benefits can be described as the scarce capacity to provide benefits to the entities that use them, and is common to all assets irrespective of their physical or other form.	settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. (c) Equity is the residual interest in the assets of the entity after deducting all its liabilities.	
Aus54.1 In respect of not-for-profit entities, whether in the public or private sector, the future economic benefits are 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 principal objective, the provision of goods and services may not result in net cash inflows to the entities as the recipients of the goods and services may not transfer cash or other benefits to the entities in exchange. Aus54.2 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.	53. The future economic benefit embodied in an asset is the potential to contribute, directly or indirectly, to the flow of cash and cash equivalents to the entity. The potential may be a productive one that is part of the operating activities of the entity. It may also take the form of convertibility into cash or cash equivalents or a capability to reduce cash outflows, such as when an alternative manufacturing process lowers the costs of production. 54. An entity usually employs its assets to produce goods or services capable of satisfying the wants or needs of customers; because these goods or services can satisfy these wants or needs, customers are prepared to pay for them and hence contribute to the cash flow of the entity. Cash itself renders a service to the entity because of its command over other resources.	Acknowledgement of the different ways in which for-profit and NFP entities use their resources to achieve their objectives.

<table>
<tr><th>Not-for-profit (NFP) paragraph</th><th>Corresponding paragraph adopted from IFRS</th><th>Reason for including NFP paragraph</th></tr>
<tr><td colspan="3">AASB Standards</td></tr>
<tr><td colspan="3">AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (compiled June 2007, amended to July 2008 by AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123, AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101, AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101, AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127, AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project and AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate)</td></tr>
<tr><td>Aus3.2 In rare circumstances, a not-for-profit public sector entity may experience extreme difficulties in complying with the requirements of certain Australian equivalents to IFRSs due to information deficiencies that have caused the entity to state non-compliance with previous GAAP. In these cases, the conditions specified in paragraph 3 for the application of this Standard are taken to be satisfied provided the entity:

(a) discloses in its first Australian-equivalents-to-IFRSs financial statements:

(i) an explanation of information deficiencies and its strategy for rectifying those deficiencies; and

(ii) the Australian equivalents to IFRSs that have not been complied with; and

(b) makes an explicit and unreserved statement of compliance with other</td><td>3. An entity's first Australian-equivalents-to-IFRSs financial statements are the first annual financial statements in which the entity adopts Australian equivalents to IFRSs, by an explicit and unreserved statement in those financial statements of compliance with Australian equivalents to IFRSs. Financial statements under Australian equivalents to IFRSs are an entity's first Australian-equivalents-to-IFRSs financial statements if, for example, the entity:

(a) presented its most recent previous financial statements:

(i) under national requirements that were not consistent with International Financial Reporting Standards (IFRSs) in all respects;

(ii) in conformity with IFRSs or Australian equivalents to IFRSs in all respects, except that the financial statements did not contain an explicit and unreserved statement that it complied with IFRSs or Australian equivalents to IFRSs;</td><td>Paragraph Aus3.2 responds to a transitional issue affecting certain NFP public sector entities. The requirements to make disclosures about the information deficiencies and an explicit and unreserved statement of compliance with other Australian equivalents to IFRSs for which there are no information deficiencies mitigate any concerns about widening access to AASB 1.

(Source: the AASB Basis for Conclusions section in the Preface to AASB 2006-2 Amendments to Australian Accounting Standards issued in March 2006)</td></tr>
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Not-for-profit (NFP) paragraph		Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
	Australian equivalents to IFRSs for which there are no information deficiencies.	(iii) containing an explicit statement of compliance with some, but not all, IFRSs or Australian equivalents to IFRSs; (iv) under national requirements inconsistent with IFRSs, using some individual IFRSs or Australian equivalents to IFRSs to account for items for which national requirements did not exist; or (v) under national requirements, with a reconciliation of some amounts to the amounts determined under IFRSs or Australian equivalents to IFRSs; (b) prepared financial statements under IFRSs for internal use only, without making them available to the entity's owners or any other external users; (c) prepared a reporting package under IFRSs for consolidation purposes without preparing a complete set of financial statements as defined in AASB 101 *Presentation of Financial Statements*; or (d) did not present financial statements for previous periods.	
AASB 3 *Business Combinations*[3] (March 2008, amended to November 2008 by AASB 2008-11 *Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities*)			
Aus1.6	Where assets and liabilities are transferred to a local government from another local		See paragraphs Aus63.1 to Aus63.9 below.

3 This Standard is applicable to annual reporting periods beginning on or after 1 July 2009.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
government at no cost, or for nominal consideration, pursuant to legislation, ministerial directive or other externally imposed requirement, paragraphs Aus63.1 to Aus63.9 shall be applied.		
Aus 2.1 A restructure of administrative arrangements, as defined in Appendix A of AASB 1004 *Contributions*, is outside the scope of this Standard. AASB 1004 specifies requirements for restructures of administrative arrangements. * The definition of, and requirements for, a restructure of administrative arrangements are included in the version of AASB 1004 issued in December 2007.		A helpful cross-reference: combinations among commonly controlled entities are outside the scope of AASB 3, but AASB 1004 specifies requirements for restructures of administrative arrangements.
Aus63.1 Where assets and liabilities are transferred to a local government from another local government at no cost, or for nominal consideration, pursuant to legislation, ministerial directive or other externally imposed requirement, the transferee local government shall recognise assets and liabilities and any gain or loss. **Aus63.2 Assets transferred to a local government from another local government at no cost, or for nominal consideration, by virtue of legislation, ministerial directive or other externally imposed requirement shall be recognised initially either at the amounts at which the assets were recognised by the transferor local government as at the date of the transfer, or at their fair values.** Aus63.3 A restructure of local governments		The Board decided that, in principle, there is no conceptual basis for accounting for business combinations among NFP entities differently from other, analogous, types of business combinations. However, the Board noted that the accounting for business combinations may differ depending on whether entities, such as local governments or universities, are commonly controlled. In that regard, the Board confirmed that further work should be undertaken on its longer-term ‘control in the public sector’ project, which should include consideration of whether local governments or universities within a jurisdiction are subject to common control. In the interim, the Board decided to maintain the status quo in respect of accounting for restructures of local governments by substantially incorporating the requirements originally transferred from AAS 27 *Financial Reporting by Local Governments* to superseded AASB 3 (as amended in December 2007 by AASB 2007-9 *Amendments to Australian Accounting*

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
involves the transfer of assets and liabilities of a local government to another local government, at no cost or for nominal consideration, by virtue of legislation, ministerial directive or other externally imposed requirement. This gives rise to assets and liabilities and a gain or loss of the transferee local government. A restructure of local governments may take the form of a new local government being constituted and other local governments being abolished as a result of a State government's policy to effectively amalgamate a number of local governments. Aus63.4 A restructure of local governments involves a change in the resources controlled by the local governments involved in the restructure. The transferor local government will decrease its assets by the carrying amount of the assets transferred. The transferred assets will usually be recognised by the transferee at their carrying amounts in the books of the transferor at the time of the transfer. Such amounts provide a practical basis for recognising the transfer of assets, particularly when many assets are involved, as is usually the case in a restructure of local governments. However, the recognition of transferred assets at fair value is permitted by this Standard. Aus63.5 The restructures of local governments referred to in paragraphs Aus63.3 and Aus63.4 do not involve transfers between the local government and its ownership group but give rise to a gain or loss that is recognised in the statement of		*Standards arising from the Review of AASs 27, 29 or 31*) into revised AASB 3 (March 2008, as amended). The Board noted that the relief carried forward from AAS 27 might be impacted by the progress it makes on its 'control in the public sector' project. The Board noted that this approach to restructures of local governments, consistent with its general approach to the short-term review of AASs 27, 29 and 31, is pragmatic and a consequence of the past requirements in AAS 27. (Source: paragraphs BC3 and BC6-8 in AASB 2008-11 *Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities* issued in November 2008)

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
comprehensive income. **Aus63.6 Assets and liabilities transferred during the reporting period and recognised in accordance with paragraph Aus63.1 shall be disclosed separately, by class, by way of note or otherwise, and the transferor local government shall be identified.** **Aus63.7 Any gain or loss recognised in accordance with paragraph Aus63.1 shall be separately disclosed in the statement of comprehensive income.** Aus63.8 The disclosures required by paragraph Aus63.6 will assist users to identify the assets and liabilities recognised as a result of a restructure separately from other assets and liabilities and to identify the transferor local government. In addition, the disclosures required by paragraph Aus63.7 will assist users to identify separately the gain or loss which results from a restructure of local governments. Aus63.9 Local Governments are not required to apply paragraphs 59 to 63 and the related Appendix B Application Guidance paragraphs of this Standard when disclosing information about restructures of local governments.		

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (compiled June 2007, amended to July 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*, AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*, and AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*)		
Aus2.1 The requirements in this Standard do not apply to: **(a) the restructuring of administrative arrangements; and** **(b) the restructuring of administered activities of government departments.** Aus2.2 AASB 1004 *Contributions* includes requirements for the disclosure of assets, liabilities and items of equity resulting from the restructuring of administrative arrangements. Aus2.3 An administered activity of a government department does not give rise to income and expenses of the department reporting the administered activity (see AASB 1050 *Administered Items*) and therefore, from the point of view of the department, the discontinuance of an administered activity does not give rise to a discontinued operation. However, if a government were to discontinue an activity that one of its departments had disclosed as an administered activity, from the point of view of that government the discontinuance may constitute a		Scope exclusion provides helpful cross-references and acknowledges that: (a) AASB 1004 *Contributions* deals with restructuring of administrative arrangements; and (b) AASB 1050 *Administered Items* deals with administered activities of government departments. AASB 5 deals with controlled items whereas AASB 1050 deals with administered items (which are not controlled items). The Aus paragraphs in AASB 5 reflect recent amendments brought about by the review of AASs 27, 29 and 31. In relation to paragraph Aus2.1 of AASB 5, the treatment of restructures of administrative arrangements and the restructuring of administered activities of government departments will be reviewed as part of the Board's longer-term review of public sector issues. (Source: paragraph BC28 of AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31*

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
discontinued operation.		December 2007)
Aus2.4 Although AASB 3 *Business Combinations* contains requirements relating to the restructuring of local governments, these requirements only apply to the local government receiving assets or liabilities as a result of the restructuring. This Standard applies to the local government transferring assets and liabilities where the restructuring results in a discontinued operation of the transferor local government.		Places the requirements in AASB 3 *Business Combinations* relating to restructuring of local governments in context, and clarifies that AASB 5 might apply to a transferor local government.
Appendix A – Definitions **value in use** – Not-for-profit entities should refer to AASB 136 *Impairment of Assets* when the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows. AASB 136.Aus6.1 – **value in use** is *depreciated replacement cost* of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.	**Appendix A – Definitions** **value in use** – The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.	Consistent with definition in AASB 136 *Impairment of Assets* paragraph Aus6.1.
AASB 8 *Operating Segments* (February 2007) / AASB 1052 *Disaggregated Disclosures* (December 2007)		
NFP entities apply AASB 1052.	Certain for-profit entities apply AASB 8.	Segment-like reporting by certain NFP entities and for-profit government departments is addressed in AASB 1049 and AASB 1052 rather than AASB 8. The submissions received on IASB ED 8 *Operating Segments* indicated that there is general support for adopting the management approach in respect of for-profit entities and that the approach is not supported in

<table>
<tr><th>Not-for-profit (NFP) paragraph</th><th>Corresponding paragraph adopted from IFRS</th><th>Reason for including NFP paragraph</th></tr>
<tr><td></td><td></td><td>respect of entities in the public sector.

(Source: based on Agenda item C5 (a) of 3-4 May 2006 AASB / FRSB joint Board Meeting Minutes)</td></tr>
<tr><td colspan="3">AASB 101 Presentation of Financial Statements (September 2007, amended to July 2008 by AASB 2007-9 Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31, AASB 2008-2 Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation, AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127, and AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project)</td></tr>
<tr><td>Aus1.7 Notwithstanding paragraphs Aus1.1 and Aus1.6, a not-for-profit entity need not present the disclosures required by paragraphs 134-136.</td><td>134. An entity shall disclose information that enables users of its financial statements to evaluate the entity’s objectives, policies and processes for managing capital.

135. To comply with paragraph 134, the entity discloses the following:

(a) qualitative information about its objectives, policies and processes for managing capital, including:

(i) a description of what it manages as capital;

(ii) when an entity is subject to externally imposed capital requirements, the nature of those requirements and how those requirements are incorporated into the management of capital; and

(iii) how it is meeting its objectives for managing capital;

(b) summary quantitative data about what it manages as capital. Some entities regard</td><td>NFP entities are not required to present the disclosures because the disclosures are not regarded as relevant to the capital structure of NFP entities. Sources of capital for NFP entities (e.g. donations, taxes, grants appropriations) are generally different from those of for-profit entities.</td></tr>
</table>

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
	some financial liabilities (e.g. some forms of subordinated debt) as part of capital. Other entities regard capital as excluding some components of equity (e.g. components arising from cash flow hedges); (c) any changes in (a) and (b) from the previous period; (d) whether during the period it complied with any externally imposed capital requirements to which it is subject; and (e) when the entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance. The entity bases these disclosures on the information provided internally to key management personnel. 136. 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 distorts 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.	
5. This Standard uses terminology that is suitable for profit-oriented entities, including public sector business entities. Entities with not-for-profit activities in the private sector,		Although not a specific Aus paragraph – clarifies that the different objectives / operations of NFP entities may impact on the terminology used in financial statements.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
public sector or government applying this Standard may need to amend the descriptions used for particular line items in the financial statements and for the financial statements themselves.		
Aus7.2 In respect of public sector entities, *local governments, governments* and most, if not all, *government departments* are *reporting entities*: ***reporting entity* means an entity in respect of which it is reasonable to expect the existence of users who rely on the entity's general purpose financial statement 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.** ***government* means the Australian Government, the Government of the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Tasmania, Victoria or Western Australia.** ***government department* means a government controlled entity, created pursuant to administrative arrangements or otherwise designated as a government department by the government which controls it.** ***local government* means an entity comprising all entities controlled by a governing body elected or appointed pursuant to a Local Government Act or**		With the adoption of IFRSs in Australia in 2005, a definition of reporting entity was originally included in AASB 3 *Business Combinations*. Subsequently, the definition was moved to AASB 101 for periods beginning 1 January 2009. As part of the short-term review of AASs 27, 29 and 31, the Board decided to complement the definition by adding Australian material that explicitly states that local governments, governments and most, if not all, government departments are reporting entities. This approach retains the relevant aspects of AASs 27, 29 and 31 without leaving a vacuum once those Standards are superseded. Definitions of local government, government and government department have also been added to AASB 101, carried over from AASs 27, 29 and 31, to avoid leaving a vacuum. (Source: paragraph BC11 of AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* issued in December 2007)

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
similar legislation.		
Aus16.2 Compliance with Australian Accounting Standards by for-profit entities will not necessarily lead to compliance with IFRSs. This circumstance arises when the entity is a for-profit government department to which particular Standards apply, such as AASB 1004 *Contributions*, and to which Aus paragraphs in various other Australian Accounting Standards apply, and the entity applies a requirement that is inconsistent with an IFRS requirement. Aus16.3 Not-for-profit entities need not comply with the paragraph 16 requirement to make an explicit and unreserved statement of compliance with IFRSs.	**16. An entity whose financial statements comply with IFRSs shall make an explicit and unreserved statement of such compliance in the notes. An entity shall not describe financial statements as complying with IFRSs unless they comply with all the requirements of IFRSs.**	Because Aus paragraphs deviate from IFRSs, and NFP entities are required to comply with the relevant Aus paragraphs, it is unlikely that NFP entities can claim compliance with IFRSs. Given the nature of NFP entities and the fact that IFRSs do not adequately address their issues, compliance with IFRSs would not provide useful information for users. In reviewing the requirements in AASs 27, 29 and 31, the Board reviewed the extent to which local governments, government departments and governments should continue to be subject to requirements that differ from requirements applicable to other NFP entities and for-profit entities contained in Australian Accounting Standards and concluded that, differences should be removed, where appropriate and timely, to improve the overall quality of financial reporting. (Source: paragraph BC2 of AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* issued in December 2007)
AASB 102 *Inventories* (compiled May 2007, amended to July 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*)		
Aus2.1 Notwithstanding paragraph 2, in respect of *not-for-profit entities*, this Standard does not apply to work in progress of services to be provided for no or nominal consideration directly in return	**2. This Standard applies to all inventories, except:** **(a) work in progress arising under construction contracts, including**	By excluding work in progress of services to be provided for no or nominal consideration, the relevant costs can be recognised immediately as expenses, which seems appropriate since it would be difficult to justify

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
from the recipients.	**directly related service contracts (see AASB 111 *Construction Contracts*);** **(b) financial instruments (see AASB 132 *Financial Instruments: Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*); and** **(c) biological assets related to agricultural activity and agricultural produce at the point of harvest (see AASB 141 *Agriculture*).**	treating such costs as assets under the *Framework*. The paragraph is also consistent with IPSAS 12 *Inventories*.
Aus6.1 The following terms are also used in this Standard with the meanings specified. **A *not-for-profit entity* is an entity whose principal objective is not the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent entity and each of the entities that it controls.** **In respect of not-for-profit entities, *current replacement cost* is the cost the entity would incur to acquire the asset on the end of the reporting period.** **In respect of not-for-profit entities, *inventories held for distribution* are assets:** **(a) held for distribution at no or nominal consideration in the ordinary course of operations;** **(b) in the process of production**		NFP specific definitions.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
for distribution at no or nominal consideration in the ordinary course of operations; or **(c) in the form of materials or supplies to be consumed in the production process or in the rendering of services at no or nominal consideration.**		
Aus8.1 A not-for-profit entity may hold inventories whose future economic benefits or service potential are not directly related to their ability to generate net cash inflows. These types of inventories may arise when an entity has determined to distribute certain goods at no charge or for a nominal amount. In these cases, the future economic benefits or service potential of the inventory for financial reporting purposes is reflected by the amount the entity would need to pay to acquire the economic benefits or service potential if this was necessary to achieve the objectives of the entity. Where the economic benefits or service potential cannot be acquired in the market, an estimate of replacement cost will need to be made. If the purpose for which the inventory is held changes, then the inventory is valued using the provisions of paragraph 9. Aus8.2 The replacement cost that an entity would be prepared to incur in respect of an item of inventory would reflect any obsolescence or any other impairment.	8. Inventories encompass goods purchased and held for resale including, for example, merchandise purchased by a retailer and held for resale, or land and other property held for resale. Inventories also encompass finished goods produced, or work in progress being produced, by the entity and include materials and supplies awaiting use in the production process. In the case of a service provider, inventories include the costs of the service, as described in paragraph 19, for which the entity has not yet recognised the related revenue (see AASB 118 *Revenue*).	Acknowledgement that NFP entities may hold inventory for an objective other than profit.

Not-for-profit (NFP) paragraph		Corresponding paragraph adopted from IFRS		Reason for including NFP paragraph
Aus9.1 Aus9.2	**Notwithstanding paragraph 9, each not-for-profit entity shall measure *inventories held for distribution* at cost, adjusted when applicable for any loss of service potential.** Not-for-profit entities would need to use judgment in determining the factors relevant to the circumstances in assessing whether there is a loss of service potential for inventories held for distribution. For many inventories held for distribution, a loss of service potential would be identified and measured based on the existence of a current replacement cost that is lower than the original acquisition cost or other subsequent carrying amount. For other inventories held for distribution, a loss of service potential might be identified and measured based on a loss of operating capacity due to obsolescence. Different bases for determining whether there has been a loss of service potential and the measurement of that loss may apply to different inventories held for distribution within the same entity.	**9.**	**Inventories shall be measured at the lower of cost and net realisable value.**	The requirement to measure inventories held for distribution at cost, adjusted when applicable for any loss of service potential, would give rise to more relevant information that better reflects the various accountabilities of NFP entities. In addition, the requirement is likely to be more appropriate in practical terms than the former requirement (which was lower of cost and current replacement cost) in some circumstances. (Source: paragraph BC20 of AASB 2007-5 *Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities* issued in May 2007)
Aus10.1	**Notwithstanding paragraph 10, in respect of not-for-profit entities, where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.**	**10.**	**The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.**	Provides explicit guidance on cost of inventories acquired by a NFP entity for no cost or for nominal consideration. Consistent with NZ IAS 2 *Inventories* paragraph NZ 10.1 and IPSAS 12 *Inventories* paragraph 16.
Aus34.1	When inventories held for distribution by a not-for-profit entity are distributed, the carrying amount of those inventories shall be recognised as an expense. The amount of any write-down of inventories for loss of service potential and all losses of	**34.**	**When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of**	Acknowledgement that NFP entities may distribute inventory (in accordance with their objectives) rather than sell it.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
inventories shall be recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from a reversal of the circumstances that gave rise to the loss of service potential shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.	**inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.**	
Aus36.1 Notwithstanding paragraph 36, in respect of not-for-profit entities, the financial statements shall disclose: **(a) the accounting policies adopted in measuring inventories held for distribution, including the cost formula used;** **(b) the total carrying amount of inventories held for distribution and the carrying amount in classifications appropriate to the entity;** **(c) the amount of inventories held for distribution recognised as an expense during the period in accordance with paragraph Aus34.1;** **(d) the amount of any write-down of inventories held for distribution recognised as an expense in the period in accordance with paragraph Aus34.1;** **(e) the amount of any reversal of any write-down that is recognised as a**	**36. The financial statements shall disclose:** **(a) the accounting policies adopted in measuring inventories, including the cost formula used;** **(b) the total carrying amount of inventories and the carrying amount in classifications appropriate to the entity;** **(c) the carrying amount of inventories carried at fair value less costs to sell;** **(d) the amount of inventories recognised as an expense during the period;** **(e) the amount of any write-down of inventories recognised as an expense in the period in accordance with paragraph 34;** **(f) the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as expense in the period in accordance with paragraph 34;** **(g) the circumstances or events that led to the reversal of a write-down of**	Expresses disclosure requirements that are relevant to a NFP entity that holds inventory for distribution. There is no equivalent to paragraph 36(c) in paragraph Aus36.1 because inventories carried at fair value less costs to sell refers to inventory held by (for-profit) commodity brokers (paragraph 3(b)) and is not applicable to NFP entities.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
reduction in the amount of inventories held for distribution recognised as expense in the period in accordance with paragraph Aus34.1; **(f) the circumstances or events that led to the reversal of a write-down of inventories held for distribution in accordance with paragraph Aus34.1;** **(g) the carrying amount of inventories held for distribution pledged as security for liabilities; and** **(h) the basis on which any loss of service potential of inventories held for distribution is assessed, or the bases when more than one basis is used.**	**inventories in accordance with paragraph 34; and** **(h) the carrying amount of inventories pledged as security for liabilities.**	
Aus42.1 Not-for-profit entities shall apply paragraph Aus9.1 and measure inventories held for distribution at cost, adjusted when applicable for any loss of service potential, on a prospective basis from the beginning of the annual reporting period to which this Standard is first applied. Aus42.2 Under paragraph Aus42.1, not-for-profit entities shall make any necessary adjustment to the opening balance of inventories held for distribution, previously carried at the lower of cost and current replacement cost, against opening retained earnings for the current annual reporting period. Accordingly, comparative		In some cases, measuring inventory at the lower of cost and current replacement cost versus measuring at cost, adjusted when applicable for any loss of service potential, would give rise to different carrying amounts for inventories held for distribution. The Board concluded that, on transition to the changed requirement, it is appropriate to require not-for-profit entities to adjust any difference prospectively against opening retained earnings and not amend comparative information on the basis that: (a) there are likely to be practical problems associated with trying to retrospectively determine whether there have been further losses of service potential and precisely when they occurred, which may not be overcome by

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
information is not adjusted.		the impracticability override in AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*; (b) the relatively short period of development involved in amending AASB 102 and, therefore, the absence of a long period during which constituents would be made aware of the changes; and (c) requiring rather than permitting the prospective transitional approach is desirable from a comparability viewpoint. (Source: paragraph BC21 of AASB 2007-5 *Amendments to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities* issued in May 2007)
AASB 107 *Statement of Cash Flows* (compiled July 2007, amended to July 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* and AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*)		
Aus20.2 **Notwithstanding paragraph Aus20.1, not-for-profit entities that use the direct method and that highlight the net cost of services in their statement of comprehensive income for the reporting period shall disclose in the complete set of financial statements a reconciliation of cash flows arising from operating activities to net cost of services as**	**Aus20.1**[4] **When an entity uses the direct method, a reconciliation of cash flows arising from operating activities to profit or loss shall be disclosed in the complete set of financial statements.**	Acknowledgement of the possible relevance to a NFP entity of showing a net cost of services total in the statement of comprehensive income.

4 Aus20.1 does not appear in the 'NFP paragraph' column as it is applicable to all entities, including for-profit entities.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
reported in the income statement.		
AASB 111 *Construction Contracts* (July 2004, amended to December 2007 by AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*, AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*)		
G1. For not-for-profit entities that are construction contractors, the requirements of AASB 111 *Construction Contracts* should also be applied to non-commercial construction contracts and similar arrangements that are binding on the parties to the arrangement but which do not take the form of a documented contract. G2. A non-commercial contract or similar arrangement may be either a "fixed price contract" or a "cost plus contract" (which in a non-commercial context may also be referred to as a "cost based contract"). Contracts and arrangements classified as fixed price contracts may involve the funding of construction activity through indirect means such as through a general appropriation or other allocation of government funds or by general purpose grants. In contrast, contracts and arrangements classified as cost plus (or cost based) contracts may involve full or partial reimbursement of the costs incurred for the construction of the asset from the recipient of the constructed asset and / or from other parties.		Acknowledgement that NFP entities may enter into non-commercial contracts in order to achieve their objective.
AASB 112 *Income Taxes* (compiled April 2007, amended to March 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*)		
Aus33.1 In respect of not-for-profit entities, a deferred tax asset will not arise on a non-taxable government grant relating to	33. One case when a deferred tax asset arises on initial recognition of an asset is when a non-taxable government grant related to an asset is	Takes into consideration the different requirements for treating grants as between for-profit entities (subject to

Not-for-profit (NFP) paragraph		**Corresponding paragraph adopted from IFRS**	**Reason for including NFP paragraph**
	an asset. Under AASB 1004 *Contributions*, a not-for-profit entity accounts for the receipt of non-taxable government grants as income rather than as deferred income when those grants are controlled by the entity. As such, a temporary difference does not arise.	deducted in arriving at the carrying amount of the asset but, for tax purposes, is not deducted from the asset's depreciable amount (in other words its tax base); the carrying amount of the asset is less than its tax base and this gives rise to a deductible temporary difference. Government grants may also be set up as deferred income in which case the difference between the deferred income and its tax base of nil is a deductible temporary difference. Whichever method of presentation an entity adopts, the entity does not recognise the resulting deferred tax asset, for the reason given in paragraph 22.	AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*) and NFP entities (subject to AASB 1004 *Contributions*), and the associated tax impact.
AASB 116 *Property, Plant and Equipment* (compiled April 2007, amended to July 2008 by AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*, AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* and AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements*)			
Aus6.1	**The following term is also used in this Standard with the meaning specified.** **A n*ot-for-profit entity* is an entity whose principal objective is not the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent and each of the entities that it controls.**		NFP specific definition.
Aus6.2	Examples of property, plant and equipment held by not-for-profit public sector entities and for-profit government departments include, but are not limited to, infrastructure, cultural, community and		The Board decided to amend AASB 116 to include a new Aus paragraph confirming that infrastructure, cultural, community and heritage assets are examples of property, plant and equipment held by not-for-profit public sector entities and for-profit government

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
heritage assets.		departments, as this was not explicitly stated elsewhere in Australian Accounting Standards. (Source: paragraph BC14 of AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* issued in December 2007)
Aus15.1 Notwithstanding paragraph 15, in respect of *not-for-profit entities*, where an asset is acquired at no cost, or for a nominal cost, the cost is its *fair value* as at the date of acquisition. Aus15.2 In respect of not-for-profit entities, an item of property, plant and equipment may be gifted or contributed to the entity. For example, land may be contributed to a local government by a developer at no or nominal consideration to enable the local government to develop parks, roads and paths in the development. An asset may also be acquired for no or nominal consideration through the exercise of powers of sequestration. Under these circumstances the cost of the item is its fair value as at the date it is acquired. Aus15.3 In respect of not-for-profit entities, for the purposes of this Standard, the initial recognition at fair value of an item of property, plant and equipment, acquired at no or nominal cost, consistent with the requirements of paragraph Aus15.1, does not constitute a revaluation. Accordingly, the revaluation requirements in paragraph 31, and the supporting commentary in paragraphs 32 to 35, only apply where an entity elects to revalue an	**15. An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.**	Acknowledgement that NFP entities commonly receive contributions of assets that provide service potential, the fair value of which should be recognised in the statement of financial position. The requirement is consistent with IPSAS 17 *Property, Plant and Equipment* and NFP paragraphs included in AASB 138.Aus24.1 and AASB 140.Aus20.1.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
item of property, plant and equipment in subsequent reporting periods.		
Aus39.1 **Notwithstanding paragraph 39, in respect of not-for-profit entities, if the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase shall be credited directly to equity under the heading of revaluation reserve. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.**	39. **If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.**	The Board considers that revaluation on a class of asset basis is more consistent with the requirement to revalue whole classes of assets than the individual asset basis. The individual asset basis has been retained for for-profit entities in accordance with the AASB's IFRS convergence policy. Given the prevalence of revaluations to fair value in the public sector, the Board considered there would be situations where accounting for revaluations on a class of asset basis in relation to both increments and decrements is more cost beneficial than the IAS 16 treatment. Accordingly the Board decided to adopt the same treatment as IPSAS 17 *Property, Plant and Equipment*.
Aus40.1 **Notwithstanding paragraph 40, in respect of not-for-profit entities, if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in any revaluation reserve in respect of that same class of asset.** Aus40.2 **Notwithstanding paragraph 40, in respect of not-for-profit entities, revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment shall be offset against one another within that class but shall not be**	40. **If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.**	See reason in respect of AASB 116 paragraph Aus39.1.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
offset in respect of assets in different classes.		
Aus77.1 Notwithstanding paragraph 77(e), in respect of not-for-profit entities, for each revalued class of property, plant and equipment, the requirement to disclose the carrying amount that would have been recognised had the assets been carried under the cost model does not apply.	**77. If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed:** **(a) the effective date of the revaluation;** **(b) whether an independent valuer was involved;** **(c) the methods and significant assumptions applied in estimating the items' fair values;** **(d) the extent to which the items' fair values were determined directly by reference to observable prices in an active market or recent market transactions on arm's length terms or were estimated using other valuation techniques;** **(e) for each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model; and** **(f) the revaluation reserve, indicating the change for the period and any restrictions on the distribution of the balance to shareholders.**	The Board notes that revaluation is more common in the NFP sector and that IPSAS 17 does not contain the paragraph 77(e) disclosure requirement. The Board considers that it would be too onerous for NFP entities revaluing assets to fair value to also disclose the costs of those assets. Accordingly, the Board agreed that the disclosure should not be required for NFP entities. Paragraph 77(e) has been retained for for-profit entities in accordance with the AASB's IFRS convergence policy.
G1. In accordance with paragraphs 7(b), 15 and Aus15.1 of AASB 116, only those heritage and cultural assets that can be reliably measured are recognised. It depends on the circumstances as to whether the reliable measurement recognition criterion can be satisfied in relation to a particular		The Board decided to provide Australian Guidance with AASB 116 addressing reliable measurement, revaluations and depreciation of heritage and cultural assets. The Board concluded that in the short term there is a need for such guidance. The focus has been on

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
heritage or cultural asset. Heritage and cultural assets acquired at no cost, or for a nominal cost, are required to be initially recognised at fair value as at the date of acquisition. Depending on circumstances, it may not be possible to reliably measure the fair value as at the date of acquisition of a heritage or cultural asset. G2. Of those heritage and cultural assets that satisfy the reliable measurement criterion for initial recognition purposes, paragraph 29 of AASB 116 permits, but does not require, revaluation. However, under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, GGSs and whole of governments are required to adopt those optional treatments in Australian Accounting Standards that are aligned with the principles or rules in the Australian Bureau of Statistics Government Finance Statistics (GFS) Manual. Consequently, those entities would be required to adopt a revaluation model for heritage and cultural assets recognised under AASB 116 where the reliable measurement recognition criterion is satisfied. G3. Furthermore, given the nature of many heritage and cultural assets that meet the recognition criteria, those assets may not have limited useful lives (for example, when the entity adopts appropriate curatorial and preservation policies), and therefore may not be subject to depreciation. However, they would be subject to impairment testing when there is an indication of impairment. G4. The curatorial and preservation policies referred to in paragraph G3 above would typically be those developed and monitored by qualified personnel and include the following: (a) a clearly stated objective about the holding		heritage and cultural assets because they, with the exception of condition-based depreciation of infrastructure assets (which is outside the scope of the short-term review of the requirements in AASs 27, 29 and 31), are the type of assets about which constituents expressed the most concern. This new material is a short-term measure until such time as the Board undertakes a longer-term project on heritage and cultural assets. The Board concluded that its decision to provide such Australian Guidance would not amend the principles in AASB 116. In particular, the Board concluded that the Australian Guidance does not imply that an entity's asset maintenance program or measurement basis justifies non-depreciation. The Australian Guidance notes that, depending on the nature of the heritage or cultural asset, it may have a useful life that is not limited, for example, where there are appropriate curatorial and preservation policies, and therefore would not be depreciated. (Source: paragraphs BC16-17 of AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* issued December 2007)

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
and preservation of items; (b) a well-developed plan to achieve the objective, including demonstration of how the policy will be implemented, based on advice by appropriately qualified experts; (c) monitoring procedures; and (d) periodic reviews. In addition, there would be evidence that the policies have been adopted by the governing body of the entity.		
AASB 119 *Employee Benefits* (compiled April 2007, amended to July 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*)		
Aus78.1 Notwithstanding paragraph 78, in respect of not-for-profit public sector entities, post-employment benefit obligations denominated in Australian currency shall be discounted using market yields on government bonds.	**78. The rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds shall be used. The currency and term of the corporate bonds or government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations.**	The Board determined it would be inappropriate for NFP public sector entities to use corporate bonds as the basis for determining a rate at which to discount long-term employee benefit liabilities. The Board decided that, from the government's perspective, the government's own borrowing rate would be more relevant than corporate bond rates for discounting. (Source: Agenda item 3(f)(ii) of 14-15 March 2007 AASB Board Meeting Minutes)

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* (April 2007) / AASB 1004 *Contributions* (December 2007)		
Not-for-profit entities apply AASB 1004.	For-profit entities apply AASB 120.	AASB 120 has been issued to apply to for-profit entities in accordance with the AASB's IFRS convergence policy. IAS 20 is widely acknowledged as in need of review as it is inconsistent with the Conceptual Framework. Given the prevalence of grants in a NFP context, the Board decided not to impose IAS 20 (AASB 120) on NFP entities. A project to develop a Standard on income from non-exchange transactions is being carried out jointly with the New Zealand FRSB. A new Standard would supersede AASB 1004 *Contributions* (recently amended to incorporate material from AASs 27, 29 and 31). The Board now intends to: (a) Develop an Exposure Draft based on IPSAS 23 *Revenue from Non-Exchange Transactions (Taxes and Transfers)*; and (b) Continue to monitor the IASB projects on revision to IAS 20 (on which AASB 120 is based) and on liability and revenue recognition and consider their implications for the treatment of income from non-exchange transactions. The project on revision to IAS 20 is currently inactive. (Source: Item number 3.2(b) of AASB Public Sector

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
		Policy Paper (as at October 2008))
AASB 124 *Related Party Disclosures* (December 2005, amended to June 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, by AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2008-4 *Amendments to Australian Accounting Standard – Key Management Personnel Disclosures by Disclosing Entities*)		
Aus1.3 Paragraphs 1 to 22 of this Standard do not apply to general purpose financial statements of not-for-profit public sector entities. Aus25.1-Aus25.9.3 also do not apply to NFP public sector entities, since they only apply to particular disclosing entities.		The Board decided to exclude NFP public sector entities from AASB 124 until it considers NFP public sector issues as part of its separate project.
AASB 127 *Consolidated and Separate Financial Statements* (March 2008, amended to July 2008 by AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and to July 2008 by AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*)		
Aus9.1 In certain instances in the public sector a group of entities (e.g. a government and its controlled entities) is a reporting entity, but the parent may not be explicitly identified for financial reporting purposes. This Standard does not deem a parent in such a group to be a separate reporting entity. Furthermore, this Standard does not require the preparation of separate financial statements for the parent, but does require consolidated financial statements to be presented.	**9 A parent, other than a parent described in paragraph 10, shall present consolidated financial statements in which it consolidates its investments in subsidiaries in accordance with this Standard.**	Acknowledgement that a parent may not be explicitly identified for financial reporting purposes in a public sector group. This is in the context that the Aus paragraphs retained in AASB 127 (relating to control) following the review of AAS 31 *Financial Reporting by Governments* could be regarded as different from the main text of AASB 127. For example paragraph 13 of AASB 127 focuses on the parent and what it controls, whereas the requirements imported from AAS 31 (and the Aus paragraphs retained in AASB 127) focus on groups (because typically in the public sector the parent is not explicitly identified, and the focus tends to be on 'government', 'parliament' and 'ministers'). Hence

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
		AASB 127 is not written with the public sector in mind. (Source: paragraph BC20 of AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* issued in December 2007)
Aus17.1 This Standard does not attempt to identify all groups in the public sector that should prepare financial statements. Instead, it describes the factors that are considered in determining whether one entity has the power to govern the financial and operating policies of another entity, whether a group exists and whether that group constitutes a reporting entity. In addition, the Standard identifies the accounting techniques that are employed when the financial statements of a number of separate entities are to be combined. This approach avoids the prescriptive designation of artificial reporting entities and the resulting preparation of meaningless consolidated financial statements. Aus17.2 In the public sector, a parent / subsidiary relationship could be established in the manner outlined in paragraph 13 or, as is more frequently the case, control of another entity by the government may be indicated by the following two factors: (a) the other entity is accountable to Parliament, or to the Executive, or to a particular Minister; and (b) the government has the residual financial interest in the net assets of	13. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute control. Control also exists when the parent owns half or less of the voting power of an entity when there is: (a) power over more than half of the voting rights by virtue of an agreement with other investors; (b) power to govern the financial and operating policies of the entity under a statute or an agreement; (c) power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or (d) power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body. * See also UIG Interpretation 112 *Consolidation – Special Purpose Entities*, as identified in AASB 1048 *Interpretation and Application of Standards* 14 An entity may own share warrants, share call	Acknowledgement that the factors that contribute to identifying when 'control' exists are different for public sector entities compared with most for-profit entities.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
the other entity. Aus17.3 The existence of one, or a combination of a number of the following circumstances, indicate that an entity is accountable to Parliament, or to the Executive, or to a particular Minister: (a) the existence of a Ministerial or other government power that enables the government to give directions to the governing body of that entity so that the entity acts as an agent of the government to achieve government policy objectives; (b) Ministerial approval is required for operating budgets; (c) the government has the ability to veto operating and capital budgets of that entity; (d) the government has broad discretion, under existing legislation, to appoint or remove a majority of members of the governing body of that entity. This would include for example, the power of the Minister or a central authority to appoint and remove members of the board of management. The governing body of an entity cannot maintain financial and operating policies that do not have the support of a government if the government has the power under existing legislation to appoint or remove a majority of	options, debt or equity instruments that are convertible into ordinary shares, or other similar instruments that have the potential, if exercised or converted, to give the entity voting power or reduce another party's voting power over the financial and operating policies of another entity (potential voting rights). The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity has the power to govern the financial and operating policies of another entity. Potential voting rights are not currently exercisable or convertible when, for example, they cannot be exercised or converted until a future date or until the occurrence of a future event. 15 In assessing whether potential voting rights contribute to control, the entity examines all facts and circumstances (including the terms of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination) that affect potential voting rights, except the intention of management and the financial ability to exercise or convert such rights. 16 A subsidiary is not excluded from consolidation simply because the investor is a venture capital organisation, mutual fund, unit trust or similar entity. 17 A subsidiary is not excluded from consolidation because its business activities are dissimilar from those of the other entities within the group. Relevant information is provided by consolidating such subsidiaries and disclosing additional information in the consolidated financial statements about the different business	

Not-for-profit (NFP) paragraph	**Corresponding paragraph adopted from IFRS**	**Reason for including NFP paragraph**
members of the governing body of the entity. In these circumstances, the government has the power to govern the financial and operating policies so as to meet its own objectives. For control to exist through the power to appoint or remove a majority of members of the governing body of another entity, a government must have broad discretion over their appointment and removal. For example, if the power to appoint or remove a majority of members of the governing body requires an amendment to the current legislation or the creation of new legislation, then the government's power is not presently exercisable and control does not exist. Also, where the power of the government to remove members of the governing body of another entity only arises under certain restricted circumstances (for example, for reasons relating to a lack of probity), the government would not have the power to govern the financial and operating policies of the entity by virtue of that power (although it may have the power in respect of the financial and operating policies through some other means); (e) the entity is required to submit to Parliament reports on operations that include audited financial statements; such requirements arising either under the general reporting requirements of legislation	activities of subsidiaries. For example, the disclosures required by AASB 8 *Operating Segments* help to explain the significance of different business activities within the group. .	

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
concerned with financial reporting and / or audit of public sector entities or under that entity's enabling legislation; or (f) the mandate of the entity is established, or limited, by its enabling legislation. The definition of control requires only that the government's power to govern the financial and operating policies of another entity is sufficient to enable the government to obtain benefits from the entity's activities. Enabling legislation relating to the other entity which establishes the broad financial and operating policies of the entity is sufficient to ensure control by the government. However, the impact of enabling legislation also needs to be evaluated in the light of other prevailing circumstances. For example, a marketing board whose mandate is created, and limited, by legislation is not controlled by a government if the legislation unequivocally assigns power to govern financial and operating policies to other entities such as relevant commodity producers, and the government does not have the power to appoint or remove a majority of members of the governing body. Aus17.4 The existence of the following circumstances indicates whether the government has a residual financial interest		

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
in the net assets of the other entity: (a) the government is exposed to the residual liabilities of the entity; or (b) the government has the right to receive the residual net assets of the entity if that entity is dissolved. Aus17.5 In the public sector, reporting entities may include Ministerial portfolios, Ministerial departments, statutory authorities or other entities. In some cases the reporting entity may comprise a parent and a number of controlled entities, and in other cases the reporting entity may be the parent or the controlled entity itself. Aus17.6 A government will usually control the statutory authorities or corporations that it has established, because the legislation will normally address the financial and operating policies necessary to enable the entity to work with the government in achieving its objectives. Aus17.7 In determining the existence of a group in the public sector, consideration should be given to the controlling entity's ability to deploy the resources under its control and whether there are restrictions on the allocation of funds between activities under its authority. In addition, the ability of the entities to operate for the benefit of the controlling entity is a central characteristic of a group. If an entity is precluded from operating for the benefit of the controlling entity, for example, through the existence of separate administrations, it is clear that the entity would not be		

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
included in the group. A Minister may have responsibility for more than one function. Those functions may be encompassed in a single portfolio or administered through a number of portfolios. The specification of separate objectives for each function will usually be an indication of the existence of separate economic entities, regardless of whether the functions are combined in the one portfolio or administered separately through more than one portfolio. Similarly, the financial statements of individual local governments would not be aggregated for the purpose of preparing financial statements in each State or Territory because the combination of such local government bodies would fail to satisfy the definition of a group. Aus17.8 For a government to control an entity, it must have the power to require an entity's assets to be deployed towards achieving government objectives. This may mean, but need not require, that the government can do, or require the entity to do, one or more of the following with the controlled entity's assets: (a) exchange them; (b) use them to provide goods and services consistent with the government's objectives; (c) charge for their use; (d) use them to settle liabilities; or		

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
(e) hold them. Aus17.9 Accordingly, a government does not control another entity where: (a) it cannot dominate the financial and operating policies of the entity that are necessary to enable the entity to operate towards achieving government objectives, notwithstanding that both entities have similar objectives. For example, a government and a charitable entity funded by that government may share common objectives with respect to care of the homeless. However, the charitable entity is not controlled by the government when its governing body maintains discretion as to how its resources are to be deployed and whether it will accept resources from the government; (b) it cannot benefit from the resources or residual resources of the entity, notwithstanding that it may have the power to govern the entity's financial and operating policies. For example, where a government acts as a trustee for a trust and its relationship with the trust does not extend beyond the normal responsibilities of a trustee, the government does not control the trust as it cannot deploy the resources or residual resources of the trust for its own benefit; (c) it influences, rather than governs,		

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
the financial and operating policies required to enable the entity to operate towards achieving the government's objectives. The wide ranging powers of governments mean that they can influence the financial and operating policies of many entities, particularly those which are financially dependent on government funding. However, where the governing bodies of those entities maintain discretion with respect to whether they will accept resources from the government, or the manner in which their resources are to be deployed, they are not controlled by the government. For example, this will normally be the case with religious organisations that provide aged-care services. While these organisations may receive government grants for capital construction and operating costs, and the government providing the grant may require them to comply with certain service standards and restrictions on user fees, they will not usually be controlled by the government because their governing body will maintain the ultimate discretion about whether assets are deployed to those services. Furthermore, while private schools, private hospitals, individual local governments and universities may be financially dependent, to a greater or lesser degree, on governments or agencies thereof, they would not be considered to be controlled by those		

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
governments or agencies for the purposes of this Standard. Therefore, this Standard does not require that the financial statements of such entities be consolidated with the financial statements of a government or government agency; (d) it merely has the power to regulate the behaviour of the entity by use of its legislative powers. The power of government to establish the regulatory environment within which entities operate and to impose conditions or sanctions on their operations does not of itself constitute control of the assets deployed by those entities. For example, governments regulate the operations of entities operating in the gaming industry, but those entities are not controlled by government unless the assets or residual assets of those entities can be deployed for the benefit of government; or (e) its ability to redeploy the assets of another entity for its own benefit is not presently exercisable. For example, under existing legislative arrangements, State and Territory governments do not control local governments because: (i) they cannot sell the assets of a local government and redeploy the proceeds from the sale towards the State or Territory		

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
budget; and (ii) the governing body of the local government, whether an elected council or administrators appointed by a government, is bound to deploy its assets for the benefit of the local community (and not the State or Territory government). Aus17.10 The existence of control for the purpose of this Standard does not require that the government has responsibility over the day-to-day operations of an entity, or the manner in which professional functions are performed by the entity. For example, the legislation governing the establishment and operation of an independent statutory office (such as that of the Auditor-General) sets out the broad parameters within which the office is required to operate, and enables the office to operate in a manner consistent with the objectives set by Parliament for the operation of government. Similarly, notwithstanding the operational independence of the judiciary from the Parliament, the legislative framework within which the judiciary operates is established in a manner consistent with the objectives set by Parliament for the administration of justice. In addition, the government retains the right to the residual assets of statutory offices and judicial entities. Notwithstanding the absence of responsibility for the day-to-day operations of such entities, or the manner in which professional functions are performed in		

Not-for-profit (NFP) paragraph	**Corresponding paragraph adopted from IFRS**	**Reason for including NFP paragraph**
those entities, their assets, liabilities, revenues and expenses are included in the financial statements of the relevant government.		
Aus43.1 In respect of not-for-profit public sector entities, where a group of entities is a reporting entity, but separate financial statements for the parent are not prepared, the notes to the consolidated financial statements shall disclose a list of significant subsidiaries, including: **(a) the name;** **(b) country of incorporation or residence (where other than Australia); and** **(c) proportion of ownership interest and, if different, proportion of voting power held.**	**43 When a parent (other than a parent covered by paragraph 42), venturer with an interest in a jointly controlled entity or an investor in an associate prepares separate financial statements, those separate financial statements shall disclose:** **(a) the fact that the statements are separate financial statements and the reasons why those statements are prepared if not required by law;** **(b) a list of significant investments in subsidiaries, jointly controlled entities and associates, including the name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held; and** **(c) a description of the method used to account for the investments listed under (b);** **and shall identify the financial statements prepared in accordance with paragraph 9 of this Standard or AASB 128 and AASB 131 to which they relate.**	Consistent with paragraph Aus9.1 of AASB 127, which notes that a parent may not be explicitly identified in a public sector group, and that separate financial statements are often not prepared. In contrast, typically separate (parent) financial statements are presented for for-profit entities.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
AASB 136 *Impairment of Assets* (compiled April 2007, amended to July 2008 by AASB 2007-8 Amendments *to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*, AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* and AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*)		
Aus6.1 Notwithstanding paragraph 6, in respect of *not-for-profit entities*, value in use is *depreciated replacement cost* of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits. **Aus6.2 The following terms are also used in this Standard with the meaning specified.** **A *not-for-profit entity* is an entity whose principal objective is not the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent and each of the entities that it controls.** ***Depreciated replacement cost* is the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.**	***6.*** ***Value in use* is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.**	Acknowledgement that, because the principal objective of NFP entities is not to generate profit, the 'value in use' of an asset should not be profit / cash flow driven.
Aus32.1 Notwithstanding paragraphs 30, 31 and 32, in respect of not-for-profit entities,	**30. The following elements shall be reflected in the**	Acknowledgement that because the principal objective

<table>
<tr><th>Not-for-profit (NFP) paragraph</th><th>Corresponding paragraph adopted from IFRS</th><th>Reason for including NFP paragraph</th></tr>
<tr><td>where the future economic benefits of an asset are not primarily dependent on the asset’s ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use shall be determined as the depreciated replacement cost of the asset.

Aus32.2 Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.</td><td>calculation of an asset’s value in use:

(a) an estimate of the future cash flows the entity expects to derive from the asset;

(b) expectations about possible variations in the amount or timing of those future cash flows;

(c) the time value of money, represented by the current market risk-free rate of interest;

(d) the price for bearing the uncertainty inherent in the asset; and

(e) other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the entity expects to derive from the asset.

31. Estimating the value in use of an asset involves the following steps:

(a) estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal; and

(b) applying the appropriate discount rate to those future cash flows.

32. The elements identified in paragraph 30(b), (d) and (e) can be reflected either as adjustments to the future cash flows or as adjustments to the discount rate. Whichever approach an entity adopts to reflect expectations about possible variations in the amount or timing of future cash flows, the result shall be to reflect the expected present value of the future cash flows, that is the</td><td>of NFP entities is not to generate profit, then the ‘value in use’ of an asset should not be profit / cash flow driven.</td></tr>
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Not-for-profit (NFP) paragraph		Corresponding paragraph adopted from IFRS		Reason for including NFP paragraph
			weighted average of all possible outcomes. The Appendix provides additional guidance on the use of present value techniques in measuring an asset's value in use.	
Aus61.1	Notwithstanding paragraph 61, in respect of not-for-profit entities, an impairment loss on a revalued asset is recognised directly against any revaluation reserve in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation reserve for that same class of asset.	61.	An impairment loss on a non-revalued asset is recognised in profit or loss. However, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for that asset.	Paragraph Aus61.1 arises from NFP paragraphs AASB 116 paragraphs Aus39.1, Aus40.1 and Aus40.2 that require revaluation increments and decrements to be accounted for on a net class of assets basis, in contrast to for-profit entities that must account for revaluation increments and decrements on an individual asset basis.
Aus120.1	Notwithstanding paragraph 120, in respect of not-for-profit entities, a reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation reserve. However, to the extent that an impairment loss on the same class of asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.	120.	A reversal of an impairment loss on a revalued asset is recognised in other comprehensive income and increases the revaluation surplus for that asset . However, to the extent that an impairment loss on the same revalued asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.	Paragraph Aus120.1 arises from NFP paragraphs AASB 116 paragraphs Aus39.1, Aus40.1 and Aus40.2 that require revaluation increments and decrements to be accounted for on a net class of assets basis, in contrast to for-profit entities that must account for revaluation increments and decrements on an individual asset basis.
AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (compiled April 2007, amended to March 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*)				
Aus26.1	This paragraph and paragraph Aus26.2 relate to the recognition by a local government, government department or government of a liability arising from a local government or government existing public policy, budget policy, election promise or statement of intent. The intention to make payments to other	**14.**	**A provision shall be recognised when:** **(a) an entity has a present obligation (legal or constructive) as a result of a past event;** **(b) it is probable that an outflow of resources embodying economic benefits**	The inclusion of these Aus paragraphs as a result of the short-term review of AASs 27, 29 and 31, which effectively maintains the status quo, is a short-term measure until such time as the Board undertakes the longer-term project on obligations arising from local government and government existing public policies, budget policies, election promises and statements of

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
parties, whether advised in the form of a local government or government budget policy, election promise or statement of intent, does not of itself create a present obligation which is binding. A liability would be recognised only when the entity is committed in the sense that it has little or no discretion to avoid the sacrifice of future economic benefits. For example, a government does not have a present obligation to sacrifice future economic benefits for social welfare payments that might arise in future reporting periods. A present obligation for social welfare payments arises only when entitlement conditions are satisfied for payment during a particular payment period. Similarly, a government does not have a present obligation to sacrifice future economic benefits under multi-year public policy agreements until the grantee meets conditions such as grant eligibility criteria, or has provided the services or facilities required under the grant agreement. In such cases, only amounts outstanding in relation to current or previous periods satisfy the definition of liabilities. Aus26.2 Some such transactions or events may give rise to legal, social, political or economic consequences which leave little, if any, discretion to avoid a sacrifice of future economic benefits. In such circumstances, the definition of a liability is satisfied. An example of such an event is the occurrence of a disaster, where a government has a clear and formal policy to provide financial aid to victims of such disasters. In this circumstance, the government has little discretion to avoid the sacrifice of future	**will be required to settle the obligation; and** **(c) a reliable estimate can be made of the amount of the obligation.** **If these conditions are not met, no provision shall be recognised.**	intent, as outlined in the AASB Public Sector Policy Paper. (Source: paragraph BC27 of AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* issued in December 2007)

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
economic benefits. However, the liability is recognised only when the amount of financial aid to be provided can be measured reliably.		
AASB 138 *Intangible Assets* (compiled April 2007, amended to July 2008 by AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123*, AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* and AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*)		
Aus24.1 Notwithstanding paragraph 24, in respect of not-for-profit entities, where an asset is acquired at no cost, or for a nominal cost, the cost is its *fair value* as at the date of acquisition.	**24. An intangible asset shall be measured initially at cost.**	Acknowledgement that NFP entities commonly receive contributions of assets that provide service potential, the fair value of which should be recognised in the statement of financial position. The requirement is consistent with NFP paragraphs in AASB 116 paragraph Aus15.1 and AASB 140 paragraph Aus20.1.
44[5]. In some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. This may happen when a government transfers or allocates to an entity intangible assets such as airport landing rights, licences to operate radio or television stations, import licences or quotas or rights to access other restricted resources. In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*[*], an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount (the other treatment permitted by AASB 120) plus any expenditure that is directly	44. In some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. This may happen when a government transfers or allocates to an entity intangible assets such as airport landing rights, licences to operate radio or television stations, import licences or quotas or rights to access other restricted resources. In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, an entity may choose to recognise both the intangible asset and the grant initially at fair value. If an entity chooses not to recognise the asset initially at fair value, the entity recognises the asset initially at a nominal amount (the other treatment permitted by AASB 120) plus any expenditure that is directly	'Aus' * footnote arises from the different treatment of grants as between for-profit and NFP entities.

5 Paragraph 44 is included in the 'NFP paragraph column' due to the accompanying 'Aus' * footnote relevant to NFP entities.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
attributable to preparing the asset for its intended use. * AASB 120 only applies to for-profit entities. Not-for-profit entities are required to recognise the intangible asset and the grant initially at fair value in accordance with AASB 1004 *Contributions.*	attributable to preparing the asset for its intended use.	
Aus85.1 Notwithstanding paragraph 85, in respect of not-for-profit entities, if the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase shall be credited directly to equity under the heading of revaluation reserve. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.	**85. If an intangible asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.**	See reason in respect of AASB 116 *Property, Plant and Equipment* paragraph Aus39.1.
Aus86.1 Notwithstanding paragraph 86, in respect of not-for-profit entities, if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in any revaluation reserve in respect of that same class of assets. **Aus86.2 In respect of not-for-profit entities, revaluation increases and revaluation decreases relating to individual assets within a class of intangible assets shall**	**86. If an intangible asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.**	See reason in respect of AASB 116 paragraph Aus39.1.

Not-for-profit (NFP) paragraph		Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
	be offset against one another within that class but shall not be offset in respect of assets in different classes.		
Aus124.1	**Notwithstanding paragraph 124(a)(iii), in respect of not-for-profit entities, for each revalued class of intangible assets, the requirement to disclose the carrying amount that would have been recognised had the assets been carried under the cost model does not apply.**	**124. If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:** **(a) by class of intangible assets:** **(i) the effective date of the revaluation;** **(ii) the carrying amount of revalued intangible assets; and** **(iii) the carrying amount that would have been recognised had the revalued class of intangible assets been measured after recognition using the cost model in paragraph 74;** **(b) the amount of the revaluation reserve that relates to intangible assets at the beginning and end of the period, indicating the changes during the period and any restrictions on the distribution of the balance to shareholders; and** **(c) the methods and significant assumptions applied in estimating the assets' fair values.**	Consistent with the exemption in AASB 116 paragraph Aus77.1.

Not-for-profit (NFP) paragraph	**Corresponding paragraph adopted from IFRS**	**Reason for including NFP paragraph**
AASB 140 *Investment Property* (July 2004, amended to July 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*)		
Aus9.1 In respect of not-for-profit entities, property may be held to meet service delivery objectives rather than to earn rental or for capital appreciation. In such situations the property will not meet the definition of investment property and will be accounted for under AASB 116, for example: (a) property held for strategic purposes; and (b) property held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose for holding the property.	9. The following are examples of items that are not investment property and are therefore outside the scope of this Standard: (a) property intended for sale in the ordinary course of business or in the process of construction or development for such sale (see AASB 102 *Inventories*), for example, property acquired exclusively with a view to subsequent disposal in the near future or for development and resale; (b) property being constructed or developed on behalf of third parties (see AASB 111 *Construction Contracts*); (c) owner-occupied property (see AASB 116), including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal; (d) [deleted by the IASB]; and (e) property that is leased to another entity under a finance lease.	Acknowledgement that for-profit entities and NFP entities have different objectives. The objectives will influence whether assets are accounted for in accordance with AASB 140 or AASB 116 (or another Australian Accounting Standard, as applicable).
Aus20.1 Notwithstanding paragraph 20, in respect of not-for-profit entities, where an investment property is acquired at no	**20. An investment property shall be measured initially at its cost. Transaction costs shall be**	Acknowledgement that NFP entities commonly receive contributions of assets that provide service potential, the fair value of which should be recognised in the

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
cost or for nominal cost, its cost shall be deemed to be its fair value as at the date of acquisition.	**included in the initial measurement.**	statement of financial position. The requirement is consistent with NFP paragraphs in AASB 116 paragraph Aus15.1 and AASB 138 paragraph Aus24.1.
AASB 141 *Agriculture* (compiled April 2007, amended to July 2008 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*, AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101* and AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*)		
Aus38.1 Notwithstanding paragraphs 34-38, not-for-profit entities recognise government grants related to a biological asset in accordance with AASB 1004 *Contributions*.	**34. An unconditional government grant related to a biological asset measured at its fair value less costs to sell shall be recognised in profit or loss when, and only when, the government grant becomes receivable.** **35. If a government grant related to a biological asset measured at its fair value less costs to sell is conditional, including where a government grant requires an entity not to engage in specified agricultural activity, an entity shall recognise the government grant in profit or loss when, and only when, the conditions attaching to the government grant are met.** 36. Terms and conditions of government grants vary. For example, a grant may require an entity to farm in a particular location for five years and require the entity to return all of the grant if it farms for a period shorter than five years. In this case, the grant is not recognised in profit or loss until the five years have passed. However, if the terms of the grant allow part of it to be retained according to the time that has elasped, the entity recognises that part in profit or loss as time passes. 37. If a government grant relates to a biological asset measured at its cost less any accumulated depreciation and any accumulated impairment	Amendment arising from the different treatment of grants as between for-profit entities (subject to AASB 141 *Agriculture*) and NFP entities (subject to AASB 1004 *Contributions*).

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
	losses (see paragraph 30), AASB 120 is applied. 38. This Standard requires a different treatment from AASB 120, if a government grant relates to a biological asset measured at its fair value less costs to sell or a government grant requires an entity not to engage in specified agricultural activity. AASB 120 is applied only to a government grant related to a biological asset measured at its cost less any accumulated depreciation and any accumulated impairment losses.	
AASB 1031 *Materiality* (July 2004, amended to December 2007 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101* and by AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*)		
14[6]. As not-for-profit entities are primarily concerned with the achievement of objectives other than the generation of profit, such as service delivery, it may not be appropriate to assess materiality for statement of comprehensive income items by reference to profit or loss or average profit or loss in the manner outlined in paragraph 13(b). In these cases, the guidance set out in paragraphs 17-19 is more appropriate to consider. A not-for-profit entity is an entity whose principal objective is not the generation of profit. A not-for-profit entity can be a single entity or a group of entities comprising the parent and each of the entities that it controls.		Acknowledgement that for-profit entities and NFP entities have different objectives. The objectives will influence the method applied to assess materiality.
AASB 1049 *Whole of Government and General Government Sector Financial Reporting* (October 2007), AASB 1050 *Administered Items* (December 2007), AASB 1051 *Land Under Roads* (December 2007) and AASB 1052 *Disaggregated Disclosures* (December 2007)		
Public sector NFP entities apply AASB 1049,	In relation to administered items, it is relevant to note	The Board has completed its short-term review of the

6 Although not labelled an Aus paragraph, it is specifically relevant to NFP entities. AASB 1031 does not correspond to a particular IFRS.

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
AASB 1050, AASB 1051 and AASB 1052. AASB 1049 only applies to federal, state and territory governments. Broadly, it prescribes GAAP definition, recognition and measurement requirements and accommodates GFS through presentation and disclosure requirements. It limits options in GAAP to those that align with GFS.	that AASB 118 addresses principal agent relationships. In particular, paragraph 8 says: "in an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission". In relation to land under roads, it is relevant to note that AASB 116 is the corresponding for-profit Standard that would encompass such assets. In relation to disaggregated disclosures, it is relevant to note that AASB 8 is the for-profit Standard that corresponds to AASB 1052.	requirements in the industry-based Standards AAS 27 *Financial Reporting by Local Governments*, AAS 29 *Financial Reporting by Government Departments* and AAS 31 *Financial Reporting by Governments*. The review mainly affected federal, state, territory and local governments and government departments. It primarily entailed relocating material, substantively unamended, from the industry-based Standards to topic-based Standards. As a result, AASs 27, 29 and 31 have been superseded, effective for years ending 30 June 2009, and the following pronouncements issued: • Revised AASB 1004 *Contributions*; • AASB 1050 *Administered Items*; • AASB 1051 *Land Under Roads*; • AASB 1052 *Disaggregated Disclosures*; • AASB 2007-9 *Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31* – which gives rise to amendments to AASB 3 *Business Combinations*, AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, AASB 8 *Operating Segments*, AASB 101 *Presentation of Financial Statements*, AASB 114 *Segment Reporting*, AASB 116 *Property, Plant and Equipment*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*; and • Revised AASB Interpretation 1038 *Contributions by Owners Made to Wholly-*

Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
		Owned Public Sector Entities. In due course the Board intends to revisit much of the relocated material and subject it to a more fundamental review. (Source: Item 1 of AASB Public Sector Policy Paper (as at October 2008))
Interpretations		
Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities* (compiled version June 2007, amended to September 2007 by AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*)		
Aus6.1 Notwithstanding paragraph 6, in respect of a not-for-profit entity, the requirements of paragraph 6 shall be applied in relation to a class of assets, consistent with the revaluation model requirements of AASB 116 for not-for-profit entities.	6 If the related asset is measured using the revaluation model: (a) changes in the liability alter the revaluation increase or decrease previously recognised on that asset, so that: (i) a decrease in the liability shall (subject to (b)) be recognised in other comprehensive income and increase the revaluation surplus within equity, except that it shall be recognised in profit or loss to the extent that it reverses a revaluation decrease on the asset that was previously recognised in profit or loss; or (ii) an increase in the liability shall be recognised in profit or loss, except that it shall be recognised in other comprehensive income and reduce the revaluation surplus within equity to the extent of any credit balance	See reason in respect of AASB 116 *Property, Plant and Equipment* paragraph Aus39.1.

<table>
<tr><th>Not-for-profit (NFP) paragraph</th><th colspan="2">Corresponding paragraph adopted from IFRS</th><th>Reason for including NFP paragraph</th></tr>
<tr><td></td><td></td><td>existing in the revaluation reserve in respect of that asset;

(b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess shall be recognised immediately in profit or loss;

(c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation shall be taken into account in determining the amounts to be recognised in profit or loss or in other comprehensive income under (a). If a revaluation is necessary, all assets of that class shall be revalued; and

(d) AASB 101 requires disclosure in the statement of comprehensive income of each component of other comprehensive income or expense. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability shall be separately identified and disclosed as such.</td><td></td></tr>
<tr><td colspan="4">Interpretation 110 Government Assistance – No Specific Relation to Operating Activities (July 2004, amended to September 2007 by AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101)</td></tr>
<tr><td>(Not-for-profit entities apply AASB 1004 Contributions.)</td><td>Aus3.1</td><td>This Interpretation applies when AASB 120 applies. AASB 120 applies only in relation to for-profit entities.</td><td>Amendment arising from the different treatment of grants as between for-profit and NFP entities.</td></tr>
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Not-for-profit (NFP) paragraph	Corresponding paragraph adopted from IFRS	Reason for including NFP paragraph
Interpretation 1038 *Contributions by Owners to Wholly-Owned Public Sector Entities* (December 2007)		
Not-for-profit entities, except for government controlled not-for-profit entities in respect of a restructure of administrative arrangements, apply AASB Interpretation 1038. Government controlled not-for-profit entities in respect of a restructure of administrative arrangements apply AASB 1004 *Contributions*.		Revised AASB Interpretation 1038 has been revised as a result of superseding AASs 27, 29 and 31.