

**AASB Standard**

**AASB 2018-X**  
[Month Year]

# **Amendments to Australian Accounting Standards – References to the Conceptual Framework**



**Australian Government**

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**Australian Accounting  
Standards Board**

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Australian Accounting Standards Board  
PO Box 204  
Collins Street West  
Victoria 8007  
AUSTRALIA

Phone: (03) 9617 7600  
E-mail: [standard@aaasb.gov.au](mailto:standard@aaasb.gov.au)  
Website: [www.aasb.gov.au](http://www.aasb.gov.au)

## Other enquiries

Phone: (03) 9617 7600  
E-mail: [standard@aaasb.gov.au](mailto:standard@aaasb.gov.au)

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## Preface

### Standards amended by AASB 2018-X

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This Standard makes amendments to the Australian Accounting Standards, Interpretations and other pronouncements listed on pages 6 to 7 of the Standard.

These amendments arise from the issuance of the *Conceptual Framework for Financial Reporting* and the International Financial Reporting Standard *Amendments to References to the Conceptual Framework in IFRS Standards* by the International Accounting Standards Board (IASB) in March 2018.

### Main features of this Standard

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#### Main requirements

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the *Conceptual Framework for Financial Reporting (Conceptual Framework)* by the AASB.

Some Australian Accounting Standards, Interpretations and other pronouncements contain references to, or quotations from, the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 (*Framework*). This Standard updates some of those references and quotations so that they refer to the *Conceptual Framework*, and makes other amendments to clarify which version of the conceptual framework is referred to in particular documents.

If an entity is required to apply the *Conceptual Framework for Financial Reporting*, it cannot identify as a non-reporting entity under Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity*. The entity will therefore need to prepare general purpose financial statements that comply with Australian Accounting Standards.

#### Application date

This Standard applies to annual periods beginning on or after 1 January 2020. Earlier application is permitted.

## Accounting Standard AASB 2018-X

The Australian Accounting Standards Board makes Accounting Standard AASB 2018-X *Amendments to Australian Accounting Standards – References to the Conceptual Framework* under section 334 of the *Corporations Act 2001*.

Dated ... [date]

Kris Peach  
Chair – AASB

## Accounting Standard AASB 2018-X *Amendments to Australian Accounting Standards – References to the Conceptual Framework*

### Objective

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This Standard amends:

- (a) *Framework for the Preparation and Presentation of Financial Statements*;
- (b) *Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity*;
- (c) *AASB 2 Share-based Payment*;
- (d) *AASB 3 Business Combinations*;
- (e) *AASB 6 Exploration for and Evaluation of Mineral Resources*;
- (f) *AASB 7 Financial Instruments: Disclosures*;
- (g) *AASB 8 Operating Segments*;
- (h) *AASB 9 Financial Instruments*;
- (i) *AASB 10 Consolidated Financial Statements*;
- (j) *AASB 12 Disclosure of Interests in Other Entities*;
- (k) *AASB 14 Regulatory Deferral Accounts*;
- (l) *AASB 17 Insurance Contracts*;
- (m) *AASB 101 Presentation of Financial Statements*;
- (n) *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*;
- (o) *AASB 112 Income Taxes*;
- (p) *AASB 116 Property, Plant and Equipment*;
- (q) *AASB 119 Employee Benefits*;
- (r) *AASB 121 The Effects of Changes in Foreign Exchange Rates*;
- (s) *AASB 124 Related Party Disclosures*;
- (t) *AASB 128 Investments in Associates and Joint Ventures*;
- (u) *AASB 132 Financial Instruments: Presentation*;
- (v) *AASB 133 Earnings per Share*;
- (w) *AASB 134 Interim Financial Reporting*;
- (x) *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*;
- (y) *AASB 138 Intangible Assets*;
- (z) *AASB 139 Financial Instruments: Recognition and Measurement*;
- (aa) *AASB 140 Investment Property*;
- (bb) *AASB 1023 General Insurance Contracts*;
- (cc) *AASB 1038 Life Insurance Contracts*;
- (dd) *AASB 1048 Interpretation of Standards*;

- (ee) AASB 1053 *Application of Tiers of Australian Accounting Standards*;
- (ff) AASB 1054 *Australian Additional Disclosures*;
- (gg) AASB 1055 *Budgetary Reporting*;
- (hh) AASB 1056 *Superannuation Entities*;
- (ii) AASB 1057 *Application of Australian Accounting Standards*;
- (jj) Interpretation 12 *Service Concession Arrangements*;
- (kk) Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*;
- (ll) Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*;
- (mm) Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*;
- (nn) Interpretation 22 *Foreign Currency Transactions and Advance Consideration*;
- (oo) Interpretation 132 *Intangible Assets—Web Site Costs*;
- (pp) Interpretation 1003 *Australian Petroleum Resource Rent Tax*;
- (qq) Interpretation 1019 *The Superannuation Contributions Surcharge*;
- (rr) Interpretation 1031 *Accounting for the Goods and Services Tax (GST)*;
- (ss) Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*;
- (tt) Interpretation 1047 *Professional Indemnity Claims Liabilities in Medical Defence Organisations*;
- (uu) Interpretation 1052 *Tax Consolidation Accounting*; and
- (vv) AASB Practice Statement 2 *Making Materiality Judgements*;

as a consequence of the issuance of the *Conceptual Framework for Financial Reporting* and the International Financial Reporting Standard *Amendments to References to the Conceptual Framework in IFRS Standards* by the International Accounting Standards Board (IASB) in March 2018.

## Application

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

This Standard applies to annual periods beginning on or after 1 January 2020.

This Standard may be applied to annual periods beginning before 1 January 2020. When an entity applies this Standard to such an annual period, it shall disclose that fact.

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

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

Paragraphs Aus1.2A and Aus1.2B are added.

### Application

...

Aus1.2A This *Framework* does not apply in relation to reporting periods beginning on or after 1 January 2020 to:

- (a) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards; and
- (b) other for-profit entities that elect to apply the *Conceptual Framework for Financial Reporting* and the consequential amendments to other pronouncements set out in *AASB 2018-X Amendments to Australian Accounting Standards – References to the Conceptual Framework*.

Aus1.2B If an entity identified in paragraph Aus1.2A applies the *Conceptual Framework for Financial Reporting* to an annual reporting period beginning before 1 January 2020, the entity shall not apply this *Framework* to that period.

## Amendments to Statement of Accounting Concepts SAC 1

Paragraphs 2A and 2B are added.

### *Application and Operative Date*

...

2A This Statement does not apply in relation to reporting periods beginning on or after 1 January 2020 to:

- (a) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards; and
- (b) other for-profit entities that elect to apply the *Conceptual Framework for Financial Reporting* and the consequential amendments to other pronouncements set out in *AASB 2018-X Amendments to Australian Accounting Standards – References to the Conceptual Framework*.

2B If an entity identified in paragraph 2A applies the *Conceptual Framework for Financial Reporting* to an annual reporting period beginning before 1 January 2020, the entity shall not apply this Statement to that period.

## Amendments to AASB 2

Paragraphs AusCF1 and 63E are added.

### Objective

...

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

- (a) not-for-profit entities; and
- (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*. Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in *AASB 1053 Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.



**Effective date**

...

63E AASB 2018-X Amendments to Australian Accounting Standards – References to the Conceptual Framework, issued in 2018, added paragraph AusCF1 and amended the footnote to the definition of an equity instrument in Appendix A. An entity shall apply the amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2018-X. An entity shall apply the amendments to AASB 2 retrospectively, subject to the transitional provisions in paragraphs 53–59 of this Standard, in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 2 by reference to paragraphs 23–28, 50–53 and 54F of AASB 108.

In Appendix A, the footnote to the definition of an equity instrument is amended and an AusCF footnote is added.

5 The ~~Framework for the Preparation and Presentation of Financial Statements~~Conceptual Framework for Financial Reporting issued in 2018 defines a liability as a present obligation of the entity arising from to transfer an economic resource as a result of past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits (ie an outflow of cash or other assets of the entity).

AusCF5 Notwithstanding footnote 5, in respect of AusCF entities, the *Framework for the Preparation and Presentation of Financial Statements* defines a liability as a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits (ie an outflow of cash or other assets of the entity).

**Amendments to AASB 3**

Paragraph AusCF1 is added. In paragraph 11, the footnote to the *Framework for the Preparation and Presentation of Financial Statements* is amended and footnote AusCF1 is added.

**Objective**

...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the Conceptual Framework for Financial Reporting. Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

...

*Recognition conditions*

11 To qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*)<sup>1, AusCF1</sup> at the acquisition date. For example, costs the acquirer expects but is not obliged to incur in the future to effect its plan to exit an activity of an acquiree or to terminate the employment of or relocate an acquiree’s employees are not liabilities at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Australian Accounting Standards.

1 ~~In December 2013 the AASB amended the Framework for the Preparation and Presentation of Financial Statements. For this Standard, acquirers are required to apply the definitions of an asset and a liability and supporting guidance in the Framework for the Preparation and Presentation of Financial Statements adopted by the AASB in 2004 rather than the Conceptual Framework for Financial Reporting issued in 2018.~~

AusCF1 Notwithstanding footnote 1, in respect of AusCF entities, in December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*.

## Amendments to AASB 6

Paragraph 10 is amended and paragraphs AusCF1, AusCF10 and 26A are added.

### Objective

...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*. Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

...

#### Elements of cost of exploration and evaluation assets

...

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

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

...

#### Effective date

...

26A *AASB 2018-X Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2018, added AusCF paragraphs and amended paragraph 10. An entity shall apply the amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2018-X. An entity shall apply the amendments to AASB 6 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 6 by reference to paragraphs 23–28, 50–53 and 54F of AASB 108.

## Amendments to AASB 7

Paragraph AusCF1 is added.

### Objective

...

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 8

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Paragraph AusCF1 is added.

### Core principle

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...

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 9

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Paragraph AusCF1 is added and paragraph Aus1.1 is deleted. (The application of AASB 9 to entities and financial statements is set out in AASB 1057 *Application of Australian Accounting Standards*.)

### Chapter 1 Objective and application

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...

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

Aus1.1 ~~[Deleted by the AASB] This Standard applies to:~~  
~~(a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;~~  
~~(b) general purpose financial statements of each other reporting entity; and~~  
~~(c) financial statements that are, or are held out to be, general purpose financial statements.~~

## Amendments to AASB 10

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Paragraphs AusCF1 and AusCFAus4.2 are added. Paragraph Aus4.2 is amended.

### Objective

---

...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

...

### Scope

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...

Aus4.2 Notwithstanding paragraphs 4(a) and Aus4.1, the ultimate Australian parent shall present consolidated financial statements that consolidate its investments in subsidiaries in accordance with this Standard when ~~either the parent or the group is a reporting entity or both the parent and the group are reporting entities~~ the parent has public accountability and is required by legislation to prepare consolidated financial statements, except if the ultimate Australian parent is required, in accordance with paragraph 31 of this Standard, to measure all of its subsidiaries at fair value through profit or loss.

AusCFAus4.2 Notwithstanding paragraphs 4(a), Aus4.1 and Aus4.2, the ultimate Australian parent shall present consolidated financial statements that consolidate its investments in subsidiaries in accordance with this Standard when either the parent or the group is a reporting entity or both the parent and the group are reporting entities, except if the ultimate Australian parent is required, in accordance with paragraph 31 of this Standard, to measure all of its subsidiaries at fair value through profit or loss.

## Amendments to AASB 12

Paragraph AusCF1 is added.

### Objective

...

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 14

Paragraph AusCF1 is added. Paragraph Aus4.1 is deleted. (The application of AASB 14 to entities and financial statements is set out in AASB 1057 *Application of Australian Accounting Standards*.) The footnote to the first occurrence of ‘reliable’ in paragraph 13 is amended and a new footnote is also added.

### Objective

...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

### Application

Aus4.1 ~~[Deleted by the AASB] This Standard applies to:~~  
 (a) ~~each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;~~  
 (b) ~~general purpose financial statements of each other reporting entity; and~~  
 (c) ~~financial statements that are, or are held out to be, general purpose financial statements.~~

...

13 An entity shall not change its accounting policies ... the change makes the financial statements more relevant to the economic decision-making needs of users and no less reliable<sup>1, AusCF1</sup>, or more reliable

and no less relevant to those needs. An entity shall judge relevance and reliability using the criteria in paragraph 10 of AASB 108.

- 1 In ~~December~~ 2013, the AASB amended the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*) (~~the Framework~~). The term “faithful representation”, which was used in the Framework from 2013 and is also used in the *Conceptual Framework for Financial Reporting* issued in 2018, encompasses the main characteristics that the ~~previous version of the Framework~~ called “reliability”. The requirement in paragraph 13 of this Standard is based on the requirements of AASB 108, which retains the term “reliable”.

AusCF1 Notwithstanding footnote 1, in respect of AusCF entities, in December 2013, the AASB amended the Framework for the Preparation and Presentation of Financial Statements (as identified in AASB 1048 Interpretation of Standards). The term “faithful representation” encompasses the main characteristics that the previous version of the Framework called “reliability”. The requirement in paragraph 13 of this Standard is based on the requirements of AASB 108, which retains the term “reliable”.

## Amendments to AASB 17

Paragraph AusCF1 is added.

### Objective

...

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 101

Paragraphs 7, 15, 19–20, 23–24, 28, 89, Aus7.2 in Appendix A and RDR15.1 in Appendix B are amended. Paragraphs AusCF1, 7[AusCF], AusCF15, AusCFRDR15.1, AusCF19–AusCF20, AusCF23–AusCF24, AusCF28, AusCF89 and 139S are added. Four footnotes are deleted – the footnote to ‘paragraph 25’ in paragraph 7, to the second sentence in paragraph 15, to paragraph 28 and to ‘*Framework’s*’ in paragraph 89.

### Objective

...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

## Definitions

- 7 The following terms are used in this Standard with the meanings specified:

...

**Material Omissions** or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in

the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. ~~The Framework for the Preparation and Presentation of Financial Statements states in paragraph 25<sup>2</sup> that ‘users~~ Users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.<sup>2</sup> Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

<sup>2</sup> — In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The *Framework* is identified in AASB 1048 *Interpretation of Standards*. Paragraph 25 was superseded by Chapter 3 of the *Framework*.

[AusCF] Notwithstanding the above, in respect of AusCF entities, assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. The *Framework for the Preparation and Presentation of Financial Statements* states in paragraph 25<sup>AusCF2</sup> that ‘users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.’ Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

AusCF2 In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The *Framework* is identified in AASB 1048 *Interpretation of Standards*. Paragraph 25 was superseded by Chapter 3 of the *Framework*.

...

## Fair presentation and compliance with Standards

- 15 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Framework-Conceptual Framework for Financial Reporting*.<sup>3</sup> The application of Australian Accounting Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

<sup>3</sup> — Paragraphs 15–24 contain references to the objective of financial statements set out in the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048). In December 2013 the AASB amended the *Framework*, and thereby replaced the objective of financial statements with the objective of general purpose financial reporting: see Chapter 1 of the *Framework*.

AusCF15 **Notwithstanding paragraph 15, in respect of AusCF entities, financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Framework*<sup>AusCF3</sup>. The application of Australian Accounting Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.**

AusCF3 Paragraphs 15–24 contain references to the objective of financial statements set out in the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048). In December 2013 the AASB amended the *Framework*, and thereby replaced the objective of financial statements with the objective of general purpose financial reporting: see Chapter 1 of the *Framework*.

...

- 19 In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework-Conceptual Framework*, the entity shall depart from that requirement in the manner set out in paragraph 20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.

AusCF19 **Notwithstanding paragraph 19, in respect of AusCF entities, in the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting**

Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*, the entity shall depart from that requirement in the manner set out in paragraph 20 if the relevant regulatory framework requires, or otherwise does not prohibit, such a departure.

- 20 When an entity departs from a requirement of an Australian Accounting Standard in accordance with paragraph 19, it shall disclose:
- that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;
  - that it has complied with applicable Australian Accounting Standards, except that it has departed from a particular requirement to achieve a fair presentation;
  - the title of the Australian Accounting Standard from which the entity has departed, the nature of the departure, including the treatment that the Australian Accounting Standard would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the *Framework-Conceptual Framework*, and the treatment adopted; and
  - for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.

AusCF20 Notwithstanding paragraph 20, in respect of AusCF entities, when an entity departs from a requirement of an Australian Accounting Standard in accordance with paragraph 19, it shall disclose:

- that management has concluded that the financial statements present fairly the entity's financial position, financial performance and cash flows;
- that it has complied with applicable Australian Accounting Standards, except that it has departed from a particular requirement to achieve a fair presentation;
- the title of the Australian Accounting Standard from which the entity has departed, the nature of the departure, including the treatment that the Australian Accounting Standard would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in the *Framework*, and the treatment adopted; and
- for each period presented, the financial effect of the departure on each item in the financial statements that would have been reported in complying with the requirement.

...

- 23 In the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework-Conceptual Framework*, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:
- the title of the Australian Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the *Framework-Conceptual Framework*; and
  - for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.

AusCF23 Notwithstanding paragraph 23, in respect of AusCF entities, in the extremely rare circumstances in which management concludes that compliance with a requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*, but the relevant regulatory framework prohibits departure from the requirement, the entity shall, to the maximum extent possible, reduce the perceived misleading aspects of compliance by disclosing:

- the title of the Australian Accounting Standard in question, the nature of the requirement, and the reason why management has concluded that complying with that requirement is so misleading in the circumstances that it conflicts with the objective of financial statements set out in the *Framework*; and
- for each period presented, the adjustments to each item in the financial statements that management has concluded would be necessary to achieve a fair presentation.

- 24 For the purpose of paragraphs 19–23, an item of information would conflict with the objective of financial statements when it does not represent faithfully the transactions, other events and conditions

that it either purports to represent or could reasonably be expected to represent and, consequently, it would be likely to influence economic decisions made by users of financial statements. When assessing whether complying with a specific requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework Conceptual Framework*, management considers:

- (a) why the objective of financial statements is not achieved in the particular circumstances; and
- (b) how the entity's circumstances differ from those of other entities that comply with the requirement. If other entities in similar circumstances comply with the requirement, there is a rebuttable presumption that the entity's compliance with the requirement would not be so misleading that it would conflict with the objective of financial statements set out in the *Framework Conceptual Framework*.

AusCF24 Notwithstanding paragraph 24, in respect of AusCF entities, for the purpose of paragraphs 19–23, an item of information would conflict with the objective of financial statements when it does not represent faithfully the transactions, other events and conditions that it either purports to represent or could reasonably be expected to represent and, consequently, it would be likely to influence economic decisions made by users of financial statements. When assessing whether complying with a specific requirement in an Australian Accounting Standard would be so misleading that it would conflict with the objective of financial statements set out in the *Framework*, management considers:

- (a) why the objective of financial statements is not achieved in the particular circumstances; and
- (b) how the entity's circumstances differ from those of other entities that comply with the requirement. If other entities in similar circumstances comply with the requirement, there is a rebuttable presumption that the entity's compliance with the requirement would not be so misleading that it would conflict with the objective of financial statements set out in the *Framework*.

...

### Accrual basis of accounting

...

28 When the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the *Framework Conceptual Framework*.<sup>4</sup>

<sup>4</sup> ——— The *Framework for the Preparation and Presentation of Financial Statements* was amended by the AASB in December 2013.

AusCF28 Notwithstanding paragraph 28, in respect of AusCF entities, when the accrual basis of accounting is used, an entity recognises items as assets, liabilities, equity, income and expenses (the elements of financial statements) when they satisfy the definitions and recognition criteria for those elements in the *Framework*.<sup>4</sup>

AusCF4 The *Framework for the Preparation and Presentation of Financial Statements* was amended by the AASB in December 2013.

...

### Profit or loss for the period

...

89 Some Australian Accounting Standards specify circumstances when an entity recognises particular items outside profit or loss in the current period. AASB 108 specifies two such circumstances: the correction of errors and the effect of changes in accounting policies. Other Australian Accounting Standards require or permit components of other comprehensive income that meet the *Framework's*<sup>5</sup> *Conceptual Framework* definition of income or expense to be excluded from profit or loss (see paragraph 7).

<sup>5</sup> ——— The *Framework for the Preparation and Presentation of Financial Statements* was amended by the AASB in December 2013.

AusCF89 Notwithstanding paragraph 89, in respect of AusCF entities, some Australian Accounting Standards specify circumstances when an entity recognises particular items outside profit or loss in the current period. AASB 108 specifies two such circumstances: the correction of errors and the effect of changes in accounting policies. Other Australian Accounting Standards require or permit components of other comprehensive income that meet the *Framework's*<sup>AusCF5</sup> definition of income or expense to be excluded from profit or loss (see paragraph 7).



AusCF5 The Framework for the Preparation and Presentation of Financial Statements was amended by the AASB in December 2013.

...

## Transition and effective date

---

...

139S AASB 2018-X Amendments to Australian Accounting Standards – References to the Conceptual Framework, issued in 2018, added AusCF paragraphs and amended paragraphs 7, 15, 19–20, 23–24, 28, 89, Aus7.2 and RDR15.1. An entity shall apply those amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2018-X. An entity shall apply the amendments to AASB 101 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 101 by reference to paragraphs 23–28, 50–53 and 54F of AASB 108.

...

## Appendix A Australian defined terms

...

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 ...

## Appendix B Australian reduced disclosure requirements

...

RDR15.1 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity applying Australian Accounting Standards – Reduced Disclosure Requirements. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Conceptual Framework*. The application of Australian Accounting Standards – Reduced Disclosure Requirements, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

AusCFRDR15.1 Financial statements shall present fairly the financial position, financial performance and cash flows of an entity applying Australian Accounting Standards – Reduced Disclosure Requirements. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of Australian Accounting Standards – Reduced Disclosure Requirements, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

## Amendments to AASB 108

Paragraphs AusCF1, AusCF6, AusCF11 and 54F–54G are added. Paragraphs 6 and 11(b) are amended. The footnote to ‘paragraph 25’ in paragraph 6 is deleted. The footnote to paragraph 11(b) is amended. The heading immediately before paragraph 54 is amended.

### Objective

...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-  
AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in  
AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting  
Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the  
*Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

...

### Definitions

...

6 Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. ~~The *Framework for the Preparation and Presentation of Financial Statements* states in paragraph 25<sup>1</sup> that ‘users~~ Users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.<sup>2</sup> Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

<sup>1</sup> In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The *Framework* is identified in AASB 1048 *Interpretation of Standards*. Paragraph 25 was superseded by Chapter 3 of the *Framework*.

AusCF6 Notwithstanding paragraph 6, in respect of AusCF entities, assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. The *Framework for the Preparation and Presentation of Financial Statements* states in paragraph 25<sup>AusCF1</sup> that ‘users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.’ Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

AusCF1 In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The *Framework* is identified in AASB 1048 *Interpretation of Standards*. Paragraph 25 was superseded by Chapter 3 of the *Framework*.

...

### Selection and application of accounting policies

...

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

- (a) the requirements in Australian Accounting Standards dealing with similar and related issues; and
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the ~~Framework~~ *Conceptual Framework for Financial Reporting (Conceptual Framework)* (as identified in AASB 1048 *Interpretation of Standards*).<sup>3</sup>

<sup>3</sup> In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. Paragraph 54G explains how this requirement is amended for regulatory account balances.

- AusCF11 Notwithstanding paragraph 11, in respect of AusCF entities, in making the judgement described in paragraph 10, management shall refer to, and consider the applicability of, the following sources in descending order:
- (a) the requirements in Australian Accounting Standards dealing with similar and related issues; and
  - (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework<sup>AusCF3</sup>.

AusCF3 In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*.

## **Effective date and transition**

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...

54F AASB 2018-X *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2018, added AusCF paragraphs and amended paragraphs 6 and 11(b). An entity shall apply those amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2018-X. An entity shall apply paragraphs 6 and 11 retrospectively in accordance with this Standard. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply paragraphs 6 and 11 by reference to paragraphs 23–28 of this Standard. If retrospective application of any amendment in AASB 2018-X would involve undue cost or effort, an entity shall, in applying paragraphs 23–28 of this Standard, read any reference except in the last sentence of paragraph 27 to ‘is impracticable’ as ‘involves undue cost or effort’ and any reference to ‘practicable’ as ‘possible without undue cost or effort’.

54G If an entity does not apply AASB 14 *Regulatory Deferral Accounts*, the entity shall, in applying paragraph 11(b) to regulatory account balances, continue to refer to, and consider the applicability of, the definitions, recognition criteria, and measurement concepts in the *Framework for the Preparation and Presentation of Financial Statements*<sup>4</sup> instead of those in the *Conceptual Framework*. A regulatory account balance is the balance of any expense (or income) account that is not recognised as an asset or a liability in accordance with other applicable Australian Accounting Standards but is included, or is expected to be included, by the rate regulator in establishing the rate(s) that can be charged to customers. A rate regulator is an authorised body that is empowered by statute or regulation to establish the rate or a range of rates that bind an entity. The rate regulator may be a third-party body or a related party of the entity, including the entity’s own governing board, if that body is required by statute or regulation to set rates both in the interest of the customers and to ensure the overall financial viability of the entity.

4 The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004.

## **Amendments to AASB 112**

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Paragraph AusCF1 is added.
----------------------------

## **Scope**

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...

AusCF1 AusCF entities are:

- (a) not-for-profit entities; and
- (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 116

---

Paragraph AusCF1 is added.

### Objective

---

...

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 119

---

Paragraph AusCF1 is added.

### Objective

---

...

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 121

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Paragraph AusCF1 is added.

### Objective

---

...

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 124

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Paragraph AusCF1 is added.

### Objective

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...

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.

For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 128

Paragraph AusCF1 is added.

### Objective

...

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 132

Paragraph AusCF1 is added.

### Objective

...

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 133

Paragraph AusCF1 is added.

### Objective

...

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 134

Paragraphs AusCF1, AusCF31, AusCF33 and 58 are added. Paragraphs 31 and 33 are amended. A footnote is added to paragraph B23.

## Scope

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...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-  
AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in  
AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting  
Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the  
*Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

### Same accounting policies as annual

...

31 Under the *Framework for the Preparation and Presentation of Financial Statements (the Framework)* *Conceptual Framework for Financial Reporting (Conceptual Framework)* (as identified in AASB 1048 *Interpretation of Standards*),<sup>3</sup> recognition is the ‘process of ~~incorporating in the balance sheet or income statement~~ capturing, for inclusion in the statement of financial position or the statement(s) of financial performance, an item that meets the definition of ~~an element~~ one of the elements of the financial statements and satisfies the criteria for recognition’. The definitions of assets, liabilities, income, and expenses are fundamental to recognition, at the end of both annual and interim financial reporting periods.

3 In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*:

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

AusCF3 In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*.

...

33 An essential characteristic of income (revenue) and expenses is that the related inflows and outflows of assets and liabilities have already taken place. If those inflows or outflows have taken place, the related revenue and expense are recognised; otherwise they are not recognised. ~~The Framework says that ‘expenses are recognised in the income statement when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably... [The] Framework~~ *Conceptual Framework* does not allow the recognition of items in the ~~balance sheet~~ statement of financial position which do not meet the definition of assets or liabilities.’<sup>2</sup>

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

...

## Effective date

---

...

58 AASB 2018-X *Amendments to Australian Accounting Standards – References to the Conceptual Framework*, issued in 2018, added AusCF paragraphs and amended paragraphs 31, 33 and B23. An entity shall apply those amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by

AASB 2018-X. An entity shall apply the amendments to AASB 134 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to AASB 134 by reference to paragraphs 43–45 of this Standard and paragraphs 23–28, 50–53 and 54F of AASB 108.

...

### Contractual or anticipated purchase price changes

B23 Volume rebates or discounts and other contractual changes in the prices of raw materials, labour, or other purchased goods and services are anticipated in interim periods, by both the payer and the recipient, if it is probable that they have been earned or will take effect. Thus, contractual rebates and discounts are anticipated but discretionary rebates and discounts are not anticipated because the resulting asset or liability would not satisfy the conditions in the *Framework*<sup>4</sup> that an asset must be a resource controlled by the entity as a result of a past event and that a liability must be a present obligation whose settlement is expected to result in an outflow of resources.

<sup>4</sup> The reference to the *Framework* is to the *Framework for the Preparation and Presentation of Financial Statements*.

### Amendments to AASB 137

A footnote is added to the definition of a liability in paragraph 10.

\* The definition of a liability in this Standard was not revised following the revision of the definition of a liability in the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*) issued in 2018.

### Amendments to AASB 138

A footnote is added to the definition of an asset in paragraph 8.

\* The definition of an asset in this Standard was not revised following the revision of the definition of an asset in the *Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*) issued in 2018.

### Amendments to AASB 139

Paragraph AusCF1 is added.

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

### Amendments to AASB 140

Paragraph AusCF1 is added.

### Objective

...

AusCF1 AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.

For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to AASB 1023

Paragraphs AusCF1 and AusCF17.6.4 are added. Paragraph 17.6.4 is amended.

### 1 Application

...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

#### Insurance Contracts – Explanation of Recognised Amounts

...

17.6.4 When an insurer is presenting the disclosures required by paragraphs 17.6.1(c) and 17.6.1(d) the insurer determines the level and extent of disclosure that is appropriate having regard to its circumstances and the qualitative characteristics of financial statements under the *Conceptual Framework for Financial Reporting* ~~*Framework for the Preparation and Presentation of Financial Statements*~~ (as identified in AASB 1048 *Interpretation of Standards*).

AusCF17.6.4 Notwithstanding paragraph 17.6.4, in respect of AusCF entities, when an insurer is presenting the disclosures required by paragraphs 17.6.1(c) and 17.6.1(d) the insurer determines the level and extent of disclosure that is appropriate having regard to its circumstances and the qualitative characteristics of financial statements under the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*).

## Amendments to AASB 1038

Paragraphs AusCF1 and AusCF14.1.7 are added. Paragraph 14.1.7 is amended.

### 1 Application

...

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

14.1.7 When a life insurer is presenting the disclosures required by paragraphs 14.1.1(c) and 14.1.1(d) the insurer determines the level and extent of disclosure that is appropriate having regard to its circumstances and the qualitative characteristics of financial statements under the *Conceptual Framework for Financial Reporting* ~~*Framework for the Preparation and Presentation of Financial Statements*~~ (as identified in AASB 1048 *Interpretation of Standards*).



AusCF14.1.7 Notwithstanding paragraph 14.1.7, in respect of AusCF entities, when a life insurer is presenting the disclosures required by paragraphs 14.1.1(c) and 14.1.1(d) the insurer determines the level and extent of disclosure that is appropriate having regard to its circumstances and the qualitative characteristics of financial statements under the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*).

## Amendments to AASB 1048

Paragraphs AusCF1, AusCF10 and AusCF11 are added. Paragraphs 1, 10 and 11 are amended.

### Objective

1 The objective of this Standard is to provide an up-to-date listing of Australian Interpretations and to ensure the effectiveness of references in Australian Accounting Standards to Australian Interpretations and to the *Framework for the Preparation and Presentation of Financial Statements (Framework)* and the *Conceptual Framework for Financial Reporting (Conceptual Framework)*. AASB and UIG Interpretations are referred to collectively in this Standard as Australian Interpretations.

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in *AASB 1053 Application of Tiers of Australian Accounting Standards* and *Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

...

### Conceptual framework

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

*Table 3: Australian conceptual framework pronouncements*

Issue Date	Title	Application Date (annual reporting periods)
[Month 2018]	<u>Conceptual Framework for Financial Reporting (or Conceptual Framework)</u> <u>Note – this pronouncement is applicable only to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards and other for-profit entities that elect to apply this Framework</u>	<u>(beginning)</u> <u>1 January 2020</u>
<u>June 2014</u> <u>has amended to</u>	<u>Framework for the Preparation and Presentation of Financial Statements (or Framework)</u>	<u>(beginning)</u> <u>1 July 2014</u>

AusCF10 Notwithstanding paragraph 10, in respect of AusCF entities, each reference to the *Framework for the Preparation and Presentation of Financial Statements (or Framework)* in other Australian Accounting Standards (including Interpretations) is taken to be a reference to the relevant pronouncement listed in Table 3 below. Each row in Table 3 is to be treated as a separate provision of this Standard.

Table 3: Australian conceptual framework pronouncements

<u>Issue Date</u>	<u>Title</u>	<u>Application Date</u> (annual reporting periods)
<u>June 2014</u> <u>[as amended to]</u>	<u>Framework for the Preparation and Presentation of</u> <u>Financial Statements (or Framework)</u>	<u>(beginning)</u> <u>1 July 2014</u>

**11** This Standard updates references to the *Conceptual Framework* in Australian Accounting Standards (including Interpretations) to the relevant amended version of the *Conceptual Framework*. The principal application date listed in each row of Table 3 is a reference to annual reporting periods beginning or ending (as indicated) on or after the date specified. An entity may elect to apply an amended version of the pronouncement to annual reporting periods in advance of that stated in Table 3, subject to any early application paragraphs.

**AusCF11** Notwithstanding paragraph 11, in respect of AusCF entities, this Standard updates references to the *Framework* in Australian Accounting Standards (including Interpretations) to the relevant amended version of the *Framework*. The principal application date listed in each row of Table 3 is a reference to annual reporting periods beginning or ending (as indicated) on or after the date specified. An entity may elect to apply an amended version of the pronouncement to annual reporting periods in advance of that stated in Table 3, subject to any early application paragraphs.

## Amendments to AASB 1053

Paragraph AusCF1 is added. Paragraphs 2, 9 and 11 and Appendix A are amended. Paragraphs B3 and B4 are added in Appendix B.

### Objective

...

**AusCF1** AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in this Standard and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

### Application

**2** This Standard applies to<sup>1</sup>:  
 (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;  
 (b) general purpose financial statements of each reporting entity;  
 (c) financial statements that are, or are held out to be, general purpose financial statements; and  
 (d) financial statements of General Government Sectors (GGSs) prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*; and  
 (e) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards.

...

### Tiers of Reporting Requirements

...

**9** Tier 2 comprises the recognition and measurement requirements of Tier 1 (including consolidation and the equity method of accounting) but substantially reduced disclosure requirements. Except for the presentation of a third statement of financial position under Tier 1<sup>2</sup>, the presentation requirements under Tier 1 and Tier 2 are the same.

...

- 11 ~~Tier 1 reporting requirements shall apply to the general purpose financial statements of the following types of entities. The following types of entities shall prepare general purpose financial statements that comply with Tier 1 reporting requirements:~~
- ~~(a) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards; and~~
  - ~~(b) the Australian Government and State, Territory and Local Governments.~~

## APPENDIX A DEFINED TERMS

...

*Public accountability* means ~~accountability to those existing and potential resource providers and others external to the entity who make economic decisions but are not in a position to demand reports tailored to meet their particular information needs.~~

~~A for-profit private sector – an~~ entity has public accountability if:

- (a) its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets); or
- (b) it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses. ~~This is typically the case for banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.~~

*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 statements for information that will be useful to them for making and evaluating decisions about the allocation of resources. A reporting entity can be a single entity or a group comprising a parent and all of its subsidiaries.

~~The reporting entity definition is not relevant to:~~

- ~~(a) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards; and~~
- ~~(b) other for-profit entities that elect to apply the *Conceptual Framework for Financial Reporting* and the consequential amendments to other pronouncements set out in *AASB 2018-X Amendments to Australian Accounting Standards – References to the Conceptual Framework*.~~

## APPENDIX B PUBLIC ACCOUNTABILITY

...

B3 Some entities may also hold assets in a fiduciary capacity for a broad group of outsiders because they hold and manage financial resources entrusted to them by clients, customers or members not involved in the management of the entity. However, if they do so for reasons incidental to a primary business (as, for example, may be the case for travel or real estate agents, schools, charitable organisations, co-operative enterprises requiring a nominal membership deposit and sellers that receive payment in advance of delivery of the goods or services such as utility companies), that does not make them publicly accountable.

B4 Examples of entities that hold assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses are most likely to include banks, credit unions, insurance companies, securities brokers/dealers, mutual funds and investment banks.

## Amendments to AASB 1054

Paragraph 2 is deleted. (The application of AASB 1054 to entities and financial statements is set out in AASB 1057 *Application of Australian Accounting Standards*.)

## Application

- 2 ~~[Deleted by the AASB]~~ This Standard applies to:
- ~~(a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;~~

- ~~(b) general purpose financial statements of each reporting entity; and~~  
~~(c) financial statements that are, or are held out to be, general purpose financial statements.~~

## Amendments to AASB 1055

Paragraph 2 is deleted. (The application of AASB 1055 to entities and financial statements is set out in AASB 1057 *Application of Australian Accounting Standards*.)

### Application and Scope

- 2 ~~[Deleted by the AASB]~~ This Standard applies to:
- ~~(a) whole of government general purpose financial statements of each government;~~
  - ~~(b) financial statements of each government's GGS;~~
  - ~~(c) general purpose financial statements of each not for profit reporting entity within the GGS; and~~
  - ~~(d) financial statements of each not for profit entity within the GGS that are, or are held out to be, general purpose financial statements.~~

## Amendments to AASB 1056

Paragraphs AusCF1, AusCF18 and AusCFAG28 are added. Paragraphs 18 and AG28 are amended.

### Objective

...

- AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:
- (a) not-for-profit entities; and
  - (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.
- Such entities are referred to as 'AusCF entities'. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term 'reporting entity' is defined in *AASB 1053 Application of Tiers of Australian Accounting Standards* and *Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

...

### Employer-sponsor receivables

#### Recognition

- 18 An asset relating to an employer-sponsor receivable shall be recognised to the extent there is a difference between a defined benefit member liability and the fair value of assets available to meet that liability that meets the definition and recognition criteria for an asset in the *Framework for the Preparation and Presentation of Financial Statements-Conceptual Framework for Financial Reporting*.

- AusCF18 Notwithstanding paragraph 18, in respect of AusCF entities, an asset relating to an employer-sponsor receivable shall be recognised to the extent there is a difference between a defined benefit member liability and the fair value of assets available to meet that liability that meets the definition and recognition criteria for an asset in the *Framework for the Preparation and Presentation of Financial Statements*.

...

### Employer-sponsor Receivables (Paragraphs 18 and 19)

...

- AG28 A receivable meeting the definition and recognition criteria for an asset in the *Framework for the Preparation and Presentation of Financial Statements-Conceptual Framework for Financial Reporting*

would be measured at its intrinsic value. That is, the difference between the defined benefit member liabilities and the amount of the other recognised assets held to meet those liabilities, unless the amount of the receivable is capped in some manner.

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

## Amendments to AASB 1057

Paragraph AusCF1 is added. Paragraphs 2, 5–9, 12, 18, 20, 22–24 and 26 and the Appendix are amended.

### Objective

...

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 For AusCF entities, the term ‘reporting entity’ is defined in this Standard and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

### Application of this Standard

- 2 This Standard applies to:
- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;
  - (b) *general purpose financial statements of each reporting entity;*
  - (c) financial statements that are, or are held out to be, general purpose financial statements; ~~and~~
  - (d) financial statements of General Government Sectors (GGSs) prepared in accordance with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*; and
  - (e) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards.

...

### Application of Australian Accounting Standards

- 5 Unless specified otherwise in paragraphs 6-21, Australian Accounting Standards apply to:
- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
  - (b) general purpose financial statements of each other reporting entity; ~~and~~
  - (c) financial statements that are, or are held out to be, general purpose financial statements; and
  - (d) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards.
- 6 AASB 8 *Operating Segments* applies to:
- (a) each for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
  - (b) general purpose financial statements of each other for-profit reporting entity; ~~and~~
  - (c) financial statements of a for-profit entity that are, or are held out to be, general purpose financial statements; and
  - (d) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards.
- 7 AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*, AASB 1048 *Interpretation of Standards* and AASB 1054 *Australian Additional Disclosures* apply to:

- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;
- (b) general purpose financial statements of each reporting entity; ~~and~~
- (c) financial statements that are, or are held out to be, general purpose financial statements; and
- (d) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards.
- 8 AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* applies to:
- (a) each for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
- (b) general purpose financial statements of each other for-profit reporting entity; ~~and~~
- (c) financial statements of a for-profit entity that are, or are held out to be, general purpose financial statements; and
- (d) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards.
- 9 AASB 133 *Earnings per Share* applies to:
- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity or discloses earnings per share; and
- (b) for-profit private sector entities that have public accountability and are required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act or disclose earnings per share.
- ...
- 12 AASB 1038 *Life Insurance Contracts* applies to:
- (a) a life insurer; or
- (b) the parent in a group that includes a life insurer;
- when the entity:
- (c) is a reporting entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;
- (d) is an other reporting entity and prepares general purpose financial statements; ~~or~~
- (e) prepares financial statements that are, or are held out to be, general purpose financial statements; or
- (f) is a for-profit private sector entity that has public accountability and is required by legislation to comply with Australian Accounting Standards.
- ...
- 18 AASB 1053 *Application of Tiers of Australian Accounting Standards* applies to:
- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act;
- (b) general purpose financial statements of each reporting entity;
- (c) financial statements that are, or are held out to be, general purpose financial statements; ~~and~~
- (d) financial statements of GGSs prepared in accordance with AASB 1049; and
- (e) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards.
- ...
- 20 AASB 1056 *Superannuation Entities* applies to:
- (a) general purpose financial statements of each superannuation entity that is a reporting entity; ~~and~~
- (b) financial statements of a superannuation entity that are held out to be general purpose financial statements; and
- (c) each for-profit superannuation entity that has public accountability and is required by legislation to comply with Australian Accounting Standards.
- ...

## Application of Australian Interpretations

---

- 22 Unless specified otherwise in paragraphs 23–26, Interpretations apply to:
- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
- (b) general purpose financial statements of each other reporting entity; ~~and~~
- (c) financial statements that are, or are held out to be, general purpose financial statements; and

- (d) each for-profit private sector entity that has public accountability and is required by legislation to comply with Australian Accounting Standards.
- 23 Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities* applies to:
- (a) each for-profit entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
  - (b) general purpose financial statements of each other for-profit reporting entity; ~~and~~
  - (c) financial statements of a for-profit entity that are, or are held out to be, general purpose financial statements; ~~and~~
  - (d) each for-profit private sector entity that has public accountability and is required by legislation to comply with Australian Accounting Standards.
- 24 Interpretation 1019 *The Superannuation Contributions Surcharge* applies to:
- (a) each superannuation plan that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
  - (b) general purpose financial statements of each other superannuation plan that is a reporting entity; ~~and~~
  - (c) financial statements of a superannuation plan that are, or are held out to be, general purpose financial statements; ~~and~~
  - (d) each for-profit superannuation plan that has public accountability and is required by legislation to comply with Australian Accounting Standards.
- ...
- 26 Interpretation 1047 *Professional Indemnity Claims Liabilities in Medical Defence Organisations* applies to entities that are or include medical defence organisations as follows:
- (a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act and that is a reporting entity;
  - (b) general purpose financial statements of each other reporting entity; ~~and~~
  - (c) financial statements that are, or are held out to be, general purpose financial statements; ~~and~~
  - (d) each for-profit private sector entity that has public accountability and is required by legislation to comply with Australian Accounting Standards.
- ...

## Appendix Defined terms

...

### reporting entity

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

The reporting entity definition is not relevant to:

- (a) for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards; and
- (b) other for-profit entities that elect to apply the *Conceptual Framework for Financial Reporting* and the consequential amendments to other pronouncements set out in *AASB 2018-X Amendments to Australian Accounting Standards – References to the Conceptual Framework*.

## Amendments to Interpretation 12

The footnote to the *Framework for the Preparation and Presentation of Financial Statements* in the References section is amended.

1 In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 and in effect when the Interpretation was developed.

## Amendments to Interpretation 16

Paragraph AusCF1 is added.

### Background

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term ‘reporting entity’ is defined in this Standard and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to Interpretation 19

The footnote to the *Framework for the Preparation and Presentation of Financial Statements* in the References section is amended.

- 1 ~~In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 and in effect when the Interpretation was developed.~~

## Amendments to Interpretation 20

A footnote is added to the *Framework for the Preparation and Presentation of Financial Statements* reference in the References section.

- 1 The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 and in effect when the Interpretation was developed.

## Amendments to Interpretation 22

A footnote is added to the *Framework for the Preparation and Presentation of Financial Statements* reference in the References section.

- \* The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 and in effect when the Interpretation was developed.

## Amendments to Interpretation 132

Paragraph 5 is amended and the footnote to the *Framework* in paragraph 5 is deleted. Paragraph AusCF5 is added. A new paragraph is also added at the end of the section under the heading ‘Effective date’.

### Issue

AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
Such entities are referred to as ‘AusCF entities’. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term ‘reporting entity’ is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

...

- 5 This Interpretation does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and Internet connections) of a web site. Such



expenditure is accounted for under AASB 116. Additionally, when an entity incurs expenditure on an Internet service provider hosting the entity's web site, the expenditure is recognised as an expense under AASB 101.88 and the *Framework for the Preparation and Presentation of Financial Statements Conceptual Framework for Financial Reporting* (as identified in AASB 1048 *Interpretation of Standards*)<sup>1</sup> when the services are received.

<sup>1</sup> ~~In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*.~~

**AusCF5** Notwithstanding paragraph 5, in respect of AusCF entities, this Interpretation does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and Internet connections) of a web site. Such expenditure is accounted for under AASB 116. Additionally, when an entity incurs expenditure on an Internet service provider hosting the entity's web site, the expenditure is recognised as an expense under AASB 101.88 and the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*)<sup>AusCF1</sup> when the services are received.

**AusCF1** In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*.

...

## Effective date

...

AASB 2018-X Amendments to Australian Accounting Standards – References to the Conceptual Framework, issued in 2018, added AusCF paragraphs and amended paragraph 5. An entity shall apply the amendments for annual periods beginning on or after 1 January 2020. Earlier application is permitted if at the same time an entity also applies all other amendments made by AASB 2018-X. An entity shall apply the amendments to Interpretation 132 retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. However, if an entity determines that retrospective application would be impracticable or would involve undue cost or effort, it shall apply the amendments to Interpretation 132 by reference to paragraphs 23–28, 50–53 and 54F of AASB 108.

## Amendments to Interpretation 1003

Paragraph AusCF1 is added.

## BACKGROUND

**AusCF1** AusCF entities are:  
(a) not-for-profit entities; and  
(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
For AusCF entities, the term 'reporting entity' is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies.

## Amendments to Interpretation 1019

The footnote to the *Framework for the Preparation and Presentation of Financial Statements* in the References section is amended.

<sup>1</sup> ~~In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 and in effect when the Interpretation was developed.~~

## Amendments to Interpretation 1031

Paragraph AusCF1 is added. The footnote to the *Framework for the Preparation and Presentation of Financial Statements* in the References section is amended.

## Issue

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 For AusCF entities, the term ‘reporting entity’ is defined in *AASB 1053 Application of Tiers of Australian Accounting Standards* and *Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity* also applies.

...

## References

...

*Framework for the Preparation and Presentation of Financial Statements* (as identified in *AASB 1048 Interpretation of Standards*)<sup>1</sup>

- 1 ~~In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 and in effect when the Interpretation was developed.~~

## Amendments to Interpretation 1038

The footnote to the *Framework for the Preparation and Presentation of Financial Statements* in the References section is amended. Paragraph 14 is deleted. (The application of Interpretation 1038 to entities and financial statements is set out in *AASB 1057 Application of Australian Accounting Standards*.)

## References

...

*Framework for the Preparation and Presentation of Financial Statements* (as identified in *AASB 1048 Interpretation of Standards*)<sup>1</sup>

- 1 ~~In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 and in effect when the Interpretation was developed.~~

## Application

14. ~~[Deleted by the AASB] This Interpretation applies to public sector entities as follows:~~  
 (a) ~~each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act 2001 and that is a reporting entity;~~  
 (b) ~~general purpose financial statements of each other reporting entity; and~~  
 (c) ~~financial statements that are, or are held out to be, general purpose financial statements.~~

## Amendments to Interpretation 1047

Paragraph AusCF1 is added.

## Issue

AusCF1 AusCF entities are:  
 (a) not-for-profit entities; and  
 (b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.  
 For AusCF entities, the term ‘reporting entity’ is defined in *AASB 1053 Application of Tiers of Australian Accounting Standards* and *Statement of Accounting Concepts SAC 1 Definition of the Reporting Entity* also applies.

## Amendments to Interpretation 1052

Paragraph 17 is deleted. (The application of Interpretation 1052 to entities and financial statements is set out in AASB 1057 *Application of Australian Accounting Standards*.) The footnote to paragraph 42 is amended.

### Application

- 17 ~~[Deleted by the AASB] This Interpretation applies to:~~  
~~(a) each entity that is required to prepare financial reports in accordance with Part 2M.3 of the Corporations Act 2001 and that is a reporting entity;~~  
~~(b) general purpose financial statements of each other reporting entity; and~~  
~~(c) financial statements that are, or are held out to be, general purpose financial statements.~~

...

### Current Taxes

...

- 42 The derecognition of a subsidiary's current tax liability (or asset) is treated under this Interpretation as a contribution by (or distribution to) the head entity, in conjunction with any tax funding arrangement amounts, on the basis that the transaction is with the parent in its capacity as the parent. The definition of "income" (or "expenses") in the *Framework for the Preparation and Presentation of Financial Statements* (as identified in AASB 1048 *Interpretation of Standards*)<sup>1</sup> cannot be satisfied, as the decrease in the subsidiary's current tax liability (or asset) results from a contribution by or distribution to equity participants. This Interpretation does not prescribe which equity accounts are to be adjusted by subsidiaries for tax-consolidation contributions or distributions.

1 ~~In December 2013 the AASB amended the *Framework for the Preparation and Presentation of Financial Statements*. The reference is to the *Framework for the Preparation and Presentation of Financial Statements* adopted by the AASB in 2004 and in effect when the Interpretation was developed.~~

## Amendments to AASB Practice Statement 2

Paragraphs 5, 7, 13, 15, 17, 18, 19, 20, 21, 22, 36, 38, 56 and 62 and footnotes 2, 10, 11, 13, 14, 16, 19, 20, 21, 23, 24 and 27 are amended. Paragraphs AusCF1, AusCF5 and AusCF22 and footnotes AusCF2, AusCF5, AusCF10, AusCF11, AusCF13, AusCF14, AusCF15, AusCF16, AusCF17, AusCF19, AusCF20, AusCF21, AusCF23, AusCF24, AusCF27 and AusCF30 are also added. Footnotes 15, 17 and 47 are deleted.

Appendix B is amended to include extracts from the *Conceptual Framework*. Appendix AusCF B is added to retain extracts from the *Framework*.

### Objective

...

- AusCF1 AusCF paragraphs and footnotes included in this Standard apply only to:  
~~(a) not-for-profit entities; and~~  
~~(b) for-profit entities that are not applying the *Conceptual Framework for Financial Reporting*.~~  
 Such entities are referred to as 'AusCF entities'. AusCF entities shall not apply the corresponding non-AusCF paragraphs and footnotes. For AusCF entities, the term 'reporting entity' is defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and Statement of Accounting Concepts SAC 1 *Definition of the Reporting Entity* also applies. For-profit entities applying the *Conceptual Framework for Financial Reporting* shall not apply AusCF paragraphs or footnotes.

...

### Definition of material

- 5 The ~~*Framework for the Preparation and Presentation of Financial Statements*~~ *Conceptual Framework for Financial Reporting* as identified in AASB 1048 *Interpretation of Standards* (the *Conceptual Framework*) provides the following definition of material information (AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* provide similar definitions<sup>1</sup>):

Information is material if omitting it or misstating it could influence decisions that the primary users of general purpose financial reports make on the basis of those reports, which provide financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report.<sup>2</sup>

- 2 Paragraph ~~QC11~~<sup>QC12</sup>.11 of the *Framework for the Preparation and Presentation of Financial Statements* ~~Conceptual Framework for Financial Reporting~~ (the *Conceptual Framework*). However, the Exposure Draft ED 282 *Definition of Material* proposes to refine the definition of material to '[i]nformation is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of a specific reporting entity's general purpose financial statements make on the basis of those financial statements'. The Definition of Material ED also identifies consequential amendments to other Australian Accounting Standards, including amendments to the definitions of material in the *Framework*, AASB 101 and AASB 108.

AusCF5 Notwithstanding paragraph 5, in respect of AusCF entities, the *Framework for the Preparation and Presentation of Financial Statements* as identified in AASB 1048 *Interpretation of Standards (the Framework)* provides the following definition of material information (AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* provide similar definitions<sup>1</sup>):

Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report.<sup>AusCF2</sup>

AusCF2 Paragraph QC11 of the *Framework for the Preparation and Presentation of Financial Statements (the Framework)*. However, the Exposure Draft ED 282 *Definition of Material* proposes to refine the definition of material to '[i]nformation is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of a specific reporting entity's general purpose financial statements make on the basis of those financial statements'. The Definition of Material ED also identifies consequential amendments to other Australian Accounting Standards, including amendments to the definitions of material in the *Framework*, AASB 101 and AASB 108.

...

- 7 The objective of financial statements is to provide financial information about a reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity.<sup>5, AusCF5</sup> The entity identifies the information necessary to meet that objective by making appropriate materiality judgements.

5 See paragraph ~~OB2~~<sup>OB2</sup>.1.2 of the *Conceptual Framework*.

AusCF5 Notwithstanding footnote 5, in respect of AusCF entities, see paragraph OB2 of the *Framework*.

...

- 13 When making materiality judgements, an entity needs to consider the impact information could reasonably be expected to have on the primary users of its financial statements. Those primary users are existing and potential investors, lenders and other creditors—those users who cannot require entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need.<sup>10, AusCF10</sup> In addition to those primary users, other parties, such as the entity's management, regulators and members of the public, may be interested in financial information about the entity and may find the financial statements useful. However, the financial statements are not primarily directed at these other parties.<sup>11, AusCF11</sup>

10 See paragraph ~~OB5~~<sup>OB5</sup>.1.5 of the *Conceptual Framework*.

AusCF10 Notwithstanding footnote 10, in respect of AusCF entities, see paragraph OB5 of the *Framework*.

11 See paragraphs ~~OB9~~<sup>OB9</sup>.1.9 and ~~OB10~~<sup>OB10</sup>.1.10 of the *Conceptual Framework*.

AusCF11 Notwithstanding footnote 11, in respect of AusCF entities, see paragraphs OB9 and OB10 of the *Framework*.

...

**Example D—existing and potential investors, lenders and other creditors****Background**

An entity is 100 per cent owned by its parent. Its parent provides the entity with semi-finished products that the entity assembles and sells back to the parent. The entity is entirely financed by its parent. The current users of the entity's financial statements include the parent and the entity's creditors (mainly local suppliers).

**Application**

The entity refers to the *Framework for the Preparation and Presentation of Financial Statements Conceptual Framework for Financial Reporting* to identify the primary users of its financial statements—existing and potential investors, lenders and other creditors who cannot require the entity to provide information directly to them and must rely on general purpose financial statements. When making materiality judgements in the preparation of its financial statements, the entity does not reduce its disclosures to only those of interest to its parent or its existing creditors. The entity also considers the information needs of potential investors, lenders and other creditors when making those judgements.

**Example AusCF D—existing and potential investors, lenders and other creditors****Background**

An entity is 100 per cent owned by its parent. Its parent provides the entity with semi-finished products that the entity assembles and sells back to the parent. The entity is entirely financed by its parent. The current users of the entity's financial statements include the parent and the entity's creditors (mainly local suppliers).

**Application**

The entity refers to the *Framework for the Preparation and Presentation of Financial Statements* to identify the primary users of its financial statements—existing and potential investors, lenders and other creditors who cannot require the entity to provide information directly to them and must rely on general purpose financial statements. When making materiality judgements in the preparation of its financial statements, the entity does not reduce its disclosures to only those of interest to its parent or its existing creditors. The entity also considers the information needs of potential investors, lenders and other creditors when making those judgements.

...

- 15 When making materiality judgements, an entity also considers that primary users are expected to have a reasonable knowledge of business and economic activities and to review and analyse the information included in the financial statements diligently.<sup>13, AusCF13</sup>

13 See paragraph ~~QC322.36~~ of the *Conceptual Framework*.

AusCF13 Notwithstanding footnote 13, in respect of AusCF entities, see paragraph QC32 of the *Framework*.

...

- 17 The primary users of an entity's financial statements make decisions about providing resources to the entity. Those decisions involve: buying, selling or holding equity and debt instruments, providing or settling loans and other forms of credit,<sup>14, AusCF14</sup> and exercising rights while holding investments (such as the right to vote on or otherwise influence management's actions that affect the use of the entity's economic resources).<sup>15, AusCF15</sup> Such decisions depend on the returns that primary users expect from an investment in those instruments.

14 See paragraph ~~OB21.2~~ of the *Conceptual Framework*.

AusCF14 Notwithstanding footnote 14, in respect of AusCF entities, see paragraph OB2 of the *Framework*.

~~15 The International Accounting Standards Board (IASB) considers primary users' resource allocation decisions to include decisions needed to exercise rights while holding investments, such as rights to vote on or otherwise influence management's actions that affect the use of the entity's economic resources. The IASB has tentatively decided to clarify this point, which was previously implicit in the phrase 'decisions to hold equity instruments', as part of its deliberations on the revised *Conceptual Framework*. The AASB will review this guidance as part of its deliberations on the revised *Framework*.~~

AusCF15 The International Accounting Standards Board (IASB) considers primary users' resource allocation decisions to include decisions needed to exercise rights while holding investments, such as rights to vote on or otherwise influence management's actions that affect the use of the entity's economic resources. The IASB has tentatively decided to clarify this point, which was previously implicit in the phrase 'decisions to hold equity instruments', as part of its deliberations on the revised *Conceptual Framework*. The AASB will review this guidance as part of its deliberations on the revised *Framework*.

- 18 The expectations existing and potential investors, lenders and other creditors have about returns, in turn, depend on their assessment of the amount, timing and uncertainty of the future net cash inflows to an entity,<sup>16, AusCF16</sup> together with their assessment of management’s stewardship of the entity’s resources.<sup>17, AusCF17</sup>
- 16 See paragraph ~~OB3~~<sup>OB3.1.3</sup> of the *Conceptual Framework*.
- AusCF16 Notwithstanding footnote 16, in respect of AusCF entities, see paragraph OB3 of the Framework.
- 17 ~~Paragraph 1.3 of the IASB Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting (Conceptual Framework ED)* proposed to reintroduce the term ‘stewardship’ and to explain explicitly that investors’, creditors’ and other lenders’ expectations about returns also depend on their assessment of management’s stewardship of the entity’s resources. The IASB has tentatively decided to confirm this as part of its deliberations on the revised *Conceptual Framework*. The AASB will review this guidance as part of its deliberations on the revised *Framework*.~~
- AusCF17 Paragraph 1.3 of the IASB Exposure Draft ED/2015/3 *Conceptual Framework for Financial Reporting (Conceptual Framework ED)* proposed to reintroduce the term ‘stewardship’ and to explain explicitly that investors’, creditors’ and other lenders’ expectations about returns also depend on their assessment of management’s stewardship of the entity’s resources. The IASB has tentatively decided to confirm this as part of its deliberations on the revised *Conceptual Framework*. The AASB will review this guidance as part of its deliberations on the revised *Framework*.
- 19 Consequently, an entity’s primary users need information about:
- (a) the resources of the entity (assets), claims against the entity (liabilities and equity) and changes in those resources and claims (income and expenses); and
- (b) how efficiently and effectively the entity’s management and governing board have discharged their responsibility to use the entity’s resources.<sup>19, AusCF19</sup>
- 19 See paragraph ~~OB4~~<sup>OB4.1.4</sup> of the *Conceptual Framework*.
- AusCF19 Notwithstanding footnote 19, in respect of AusCF entities, see paragraph OB4 of the *Framework*.
- 20 Financial information can make a difference in decisions if it has predictive value, confirmatory value or both.<sup>20, AusCF20</sup> When making materiality judgements, an entity needs to assess whether information could reasonably be expected to influence primary users’ decisions, rather than assessing whether that information alone could reasonably be expected to change their decisions.
- 20 See paragraph ~~QC7~~<sup>QC7.2.7</sup> of the *Conceptual Framework*.
- AusCF20 Notwithstanding footnote 19, in respect of AusCF entities, see paragraph QC7 of the *Framework*.
- 21 The objective of financial statements is to provide primary users with financial information that is useful to them in making decisions about providing resources to an entity. However, general purpose financial statements do not, and cannot, provide all the information that primary users need.<sup>21, AusCF21</sup> Therefore, the entity aims to meet the common information needs of its primary users. It does not aim to address specialised information needs—information needs that are unique to particular users.
- 21 See paragraph ~~OB6~~<sup>OB6.1.6</sup> of the *Conceptual Framework*.
- AusCF21 Notwithstanding footnote 19, in respect of AusCF entities, see paragraph OB6 of the *Framework*.
- 22 To meet the common information needs of its primary users, an entity first separately identifies the information needs that are shared by users within one of the three categories of primary users defined in the *Conceptual Framework*—for example investors (existing and potential)—then repeats the assessment for the two remaining categories—namely lenders (existing and potential) and other creditors (existing and potential). The total of the information needs identified is the set of common information needs the entity aims to meet.
- AusCF22 Notwithstanding paragraph 22, in respect of AusCF entities, to meet the common information needs of its primary users, an entity first separately identifies the information needs that are shared by users within one of the three categories of primary users defined in the *Framework*—for example investors (existing and potential)—then repeats the assessment for the two remaining categories—namely lenders (existing and potential) and other creditors (existing and potential). The total of the information needs identified is the set of common information needs the entity aims to meet.
- ...

36 In identifying this information, an entity considers, as a starting point, the requirements of the Australian Accounting Standards applicable to its transactions, other events and conditions. This is the starting point because, when developing a Standard, the Board identifies the information it expects will meet the needs of a broad range of primary users for a wide variety of entities in a range of circumstances.<sup>23, AusCF23</sup>

23 See paragraph ~~OB~~1.8 of the *Conceptual Framework*.

AusCF23 Notwithstanding footnote 23, in respect of AusCF entities, see paragraph OB8 of the *Framework*.

...

38 An entity also considers its primary users' common information needs (as explained in paragraphs 21–23) to identify any information—in addition to that specified in Australian Accounting Standards—necessary to enable primary users to understand the impact of the entity's transactions, other events and conditions on the entity's financial position, financial performance and cash flows (see paragraph 10). Existing and potential investors, lenders and other creditors need information about the resources of the entity (assets), claims against the entity (liabilities and equity) and changes in those resources and claims (income and expenses), and information that will help them assess how efficiently and effectively the entity's management and governing board have discharged their responsibility to use the entity's resources.<sup>24, AusCF24</sup>

24 See paragraph ~~OB~~4.4 of the *Conceptual Framework*.

AusCF24 Notwithstanding footnote 24, in respect of AusCF entities, see paragraph OB4 of the *Framework*.

...

56 Classifying, characterising and presenting information clearly and concisely makes it understandable.<sup>27, AusCF27</sup> An entity exercises judgement when deciding how to communicate information clearly and concisely. For example, the entity is more likely to clearly and concisely communicate the material information identified in Step 2 by organising it to: ...

27 See paragraph ~~QC~~30.34 of the *Conceptual Framework*.

AusCF27 Notwithstanding footnote 27, in respect of AusCF entities, see paragraph QC30 of the *Framework*.

...

62 This review gives an entity the opportunity to 'step back' and consider the information provided from a wider perspective and in aggregate. This enables the entity to consider the overall picture of its financial position, financial performance and cash flows. In performing this review, the entity also considers whether:

- (a) all relevant relationships between different items of information have been identified. Identifying new relationships between information might lead to that information being identified as material for the first time.
- (b) items of information that are individually immaterial, when considered together, could nevertheless reasonably be expected to influence primary users' decisions.
- (c) the information in the financial statements is communicated in an effective and understandable way, and organised to avoid obscuring material information.
- (d) the financial statements provide a fair presentation of the entity's financial position, financial performance and cash flows.<sup>30, AusCF30</sup>

AusCF30 Notwithstanding footnote 15, in respect of AusCF entities, see paragraph AusCF15 of AASB 101.

**Appendix B****References to the ~~Framework for the Preparation and Presentation of Financial Statements~~ Conceptual Framework for Financial Reporting and Australian Accounting Standards****Extracts from the ~~Framework for the Preparation and Presentation of Financial Statements~~<sup>47</sup> Conceptual Framework for Financial Reporting****Paragraph ~~OB21.2~~**

...

~~The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit. The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity. Those decisions involve decisions about:~~

- ~~(a) buying, selling or holding equity and debt instruments;~~
- ~~(b) providing or settling loans and other forms of credit; or~~
- ~~(c) exercising rights to vote on, or otherwise influence, management's actions that affect the use of the entity's economic resources.~~

**Paragraph ~~OB31.3~~**

...

~~Decisions by existing and potential investors about buying, selling or holding equity and debt instruments depend on the returns that they expect from an investment in those instruments, for example dividends, principal and interest payments or market price increases. Similarly, decisions by existing and potential lenders and other creditors about providing or settling loans and other forms of credit depend on the principal and interest payments or other returns that they expect. Investors', lenders' and other creditors' expectations about returns depend on their assessment of the amount, timing and uncertainty of (the prospects for) future net cash inflows to the entity. Consequently, existing and potential investors, lenders and other creditors need information to help them assess the prospects for future net cash inflows to an entity. The decisions described in paragraph 1.2 depend on the returns that existing and potential investors, lenders and other creditors expect, for example, dividends, principal and interest payments or market price increases. Investors', lenders' and other creditors' expectations about returns depend on their assessment of the amount, timing and uncertainty of (the prospects for) future net cash inflows to the entity and on their assessment of management's stewardship of the entity's economic resources. Existing and potential investors, lenders and other creditors need information to help them make those assessments.~~

**Paragraph ~~OB41.4~~**

...

~~To assess an entity's prospects for future net cash inflows, existing and potential investors, lenders and other creditors need information about the resources of the entity, claims against the entity, and how efficiently and effectively the entity's management and governing board have discharged their responsibilities to use the entity's resources. Examples of such responsibilities include protecting the entity's resources from unfavourable effects of economic factors such as price and technological changes and ensuring that the entity complies with applicable laws, regulations and contractual provisions. Information about management's discharge of its responsibilities is also useful for decisions by existing investors, lenders and other creditors who have the right to vote on or otherwise influence management's actions. To make the assessments described in paragraph 1.3, existing and potential investors, lenders and other creditors need information about:~~

- ~~(a) the economic resources of the entity, claims against the entity and changes in those resources and claims (see paragraphs 1.12–1.21); and~~
- ~~(b) how efficiently and effectively the entity's management and governing board<sup>3</sup> have discharged their responsibilities to use the entity's economic resources (see paragraphs 1.22–1.23).~~

**Paragraph ~~OB51.5~~**

...



**Paragraph OB61.6**

...

**Paragraph OB81.8**

...

~~Individual primary users have different, and possibly conflicting, information needs and desires. The Board, in developing financial reporting standards, will seek to provide the information set that will meet the needs of the maximum number of primary users. However, focusing on common information needs does not prevent the reporting entity from including additional information that is most useful to a particular subset of primary users.~~  
Individual primary users have different, and possibly conflicting, information needs and desires. The Board, in developing Standards, will seek to provide the information set that will meet the needs of the maximum number of primary users. However, focusing on common information needs does not prevent the reporting entity from including additional information that is most useful to a particular subset of primary users.

**Paragraph OB91.9**

...

**Paragraph OB101.10**

...

**Paragraph QC72.7**

...

**Paragraph QC112.11**

...

~~Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report. Consequently, the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.~~  
Information is material if omitting it or misstating it could influence decisions that the primary users of general purpose financial reports (see paragraph 1.5) make on the basis of those reports, which provide financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report. Consequently, the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.

**Paragraph QC302.34**

...

Classifying, characterising and presenting information clearly and concisely makes it ~~understandable~~understandable.

**Paragraph QC322.36**

...

## **Appendix AusCF B Extracts from the Framework for the Preparation and Presentation of Financial Statements<sup>AusCF47</sup>**

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AusCF47      References to the Framework for the Preparation and Presentation of Financial Statements in this Practice Statement will be updated once the revised IASB Conceptual Framework is issued for AusCF entities.

**Paragraph OB2**

Referred to in paragraphs 7 and 17 of the Practice Statement

The objective of general purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity. Those decisions involve buying, selling or holding equity and debt instruments, and providing or settling loans and other forms of credit.

### **Paragraph AusOB2.1**

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

Among the users of financial information about a not-for-profit reporting entity are existing and potential resource providers (such as investors, lenders and other creditors, donors and taxpayers), recipients of goods and services (such as beneficiaries, for example, members of the community) and parties performing a review or oversight function on behalf of other users (such as advisers and members of parliament). Such users may make resource allocation decisions in relation to not-for-profit entities that differ from those identified in paragraph OB2. For example, parliaments decide, on behalf of constituents, whether to fund particular programmes for delivery by an entity, taxpayers decide who should represent them in government, donors decide whether to donate resources to an entity, and recipients decide whether they can continue to rely on the provision of goods and services from the entity or whether to seek alternative suppliers. In relation to not-for-profit entities, where pertinent, all references in this *Framework* to ‘existing’ and potential investors, lenders and other creditors’ (and related terms) should be read as a reference to this broader range of users.

### **Paragraph OB3**

Referred to in paragraph 18 of the Practice Statement

Decisions by existing and potential investors about buying, selling or holding equity and debt instruments depend on the returns that they expect from an investment in those instruments, for example dividends, principal and interest payments or market price increases. Similarly, decisions by existing and potential lenders and other creditors about providing or settling loans and other forms of credit depend on the principal and interest payments or other returns that they expect. Investors’, lenders’ and other creditors’ expectations about returns depend on their assessment of the amount, timing and uncertainty of (the prospects for) future net cash inflows to the entity. Consequently, existing and potential investors, lenders and other creditors need information to help them assess the prospects for future net cash inflows to an entity.

### **Paragraph AusOB3.1**

Referred to in paragraph Aus18.1 of the Practice Statement

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

### **Paragraph OB4**

Referred to in paragraphs 19 and 38 of the Practice Statement

To assess an entity’s prospects for future net cash inflows, existing and potential investors, lenders and other creditors need information about the resources of the entity, claims against the entity, and how efficiently and effectively the entity’s management and governing board have discharged their responsibilities to use the entity’s resources. Examples of such responsibilities include protecting the entity’s resources from unfavourable effects of economic factors such as price and technological changes and ensuring that the entity complies with applicable laws, regulations and contractual provisions. Information about management’s discharge of its responsibilities is also useful for decisions by existing investors, lenders and other creditors who have the right to vote on or otherwise influence management’s actions.

**Paragraph OB5**

Referred to in paragraph 13 of the Practice Statement

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial reports for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial reports are directed.

**Paragraph OB6**

Referred to in paragraph 21 of the Practice Statement

However, general purpose financial reports do not and cannot provide all of the information that existing and potential investors, lenders and other creditors need. Those users need to consider pertinent information from other sources, for example, general economic conditions and expectations, political events and political climate, and industry and company outlooks.

**Paragraph OB8**

Referred to in paragraph 36 of the Practice Statement

Individual primary users have different, and possibly conflicting, information needs and desires. The Board, in developing financial reporting standards, will seek to provide the information set that will meet the needs of the maximum number of primary users. However, focusing on common information needs does not prevent the reporting entity from including additional information that is most useful to a particular subset of primary users.

**Paragraph OB9**

Referred to in paragraph 13 of the Practice Statement

The management of a reporting entity is also interested in financial information about the entity. However, management need not rely on general purpose financial reports because it is able to obtain the financial information it needs internally.

**Paragraph OB10**

Referred to in paragraph 13 of the Practice Statement

Other parties, such as regulators and members of the public other than investors, lenders and other creditors, may also find general purpose financial reports useful. However, those reports are not primarily directed to these other groups.

**Paragraph QC7**

Referred to in paragraph 20 of the Practice Statement

Financial information is capable of making a difference in decisions if it has predictive value, confirmatory value or both.

**Paragraph QC11**

Referred to in paragraph 5 of the Practice Statement

Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting entity. In other words, materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity's financial report. Consequently, the Board cannot specify a uniform quantitative threshold for materiality or predetermine what could be material in a particular situation.

**Paragraph QC30**

Referred to in paragraph 56 of the Practice Statement

Classifying, characterising and presenting information clearly and concisely makes it *understandable*.

**Paragraph QC32**

Referred to in paragraph 15 of the Practice Statement

Financial reports are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

**Extracts from AASB 101 *Presentation of Financial Statements***

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...

**Paragraph 15**

Referred to in paragraph 62 of the Practice Statement

Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the ~~*Framework*~~ *Conceptual Framework for Financial Reporting (Conceptual Framework)*. The application of Australian Accounting Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

**Paragraph AusCF15**

Referred to in paragraph 62 of the Practice Statement

Financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the *Framework*. The application of Australian Accounting Standards, with additional disclosure when necessary, is presumed to result in financial statements that achieve a fair presentation.

**Commencement of the legislative instrument**

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For legal purposes, this legislative instrument commences on 31 December 2019.