



Australian Government

**Australian Accounting
Standards Board**

Modifications to Australian Accounting Standards for Not-for-Profit Entities



Principal Authors

Kris Peach, Chair and CEO
James Barden, Student Intern
Teng Zhou, Former Technical Associate

Enquiries

This AASB staff publication is available on the AASB website.
Australian Accounting Standards Board
PO Box 204
Collins Street West
Victoria 8007
AUSTRALIA
Tel +61 3 9617 7637
publications@asb.gov.au
www.asb.gov.au

Copyright

© Commonwealth of Australia 2017

This work is copyright. Apart from any use as permitted under the Copyright Act 1968, no part may be reproduced by any process without prior written permission. Requests and enquiries concerning reproduction and rights should be addressed to the National Director, Australian Accounting Standards Board, PO Box 204, Collins Street West, Victoria 8007.



Contents

Contents.....	3
Introduction.....	5
What does this publication do?	5
When are NFP modifications to IFRS Standards made?.....	5
How are NFP modifications identified?.....	5
Related projects	6
Limitations on use.....	6
NFP entity requirements in Australian Accounting Standards	7
All AASB amendments to Australian Accounting Standards incorporating IFRS Standards.....	9
<i>AASB 1 First-time Adoption of Australian Accounting Standards</i>	9
<i>AASB 2 Share-based Payments</i>	10
<i>AASB 3 Business Combinations</i>	11
<i>AASB 4 Insurance Contracts</i>	12
<i>AASB 5 Non-current Assets Held for Sale and Discontinued Operations</i>	13
<i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>	14
<i>AASB 7 Financial Instruments: Disclosures</i>	14
<i>AASB 8 Operating Segments</i>	14
<i>AASB 9 Financial Instruments</i>	15
<i>AASB 10 Consolidated Financial Statements</i>	15
<i>AASB 11 Joint Arrangements</i>	16
<i>AASB 12 Disclosure of Interests in Other Entities</i>	17
<i>AASB 13 Fair Value Measurement</i>	17
<i>AASB 14 Regulatory Deferral Accounts</i>	18
<i>AASB 15 Revenue from Contracts with Customers</i>	18
<i>AASB 16 Leases</i>	20
<i>AASB 101 Presentation of Financial Statements</i>	21
<i>AASB 102 Inventories</i>	22
<i>AASB 107 Statement of Cash Flows</i>	25
<i>AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors</i>	25
<i>AASB 110 Events after the Reporting Period</i>	25
<i>AASB 111 Construction Contracts</i>	25
<i>AASB 112 Income Taxes</i>	25
<i>AASB 116 Property, Plant and Equipment</i>	27
<i>AASB 117 Leases</i>	30
<i>AASB 118 Revenue</i>	30



AASB 119 <i>Employee Benefits</i>	30
AASB 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	30
AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	30
AASB 123 <i>Borrowing Costs</i>	31
AASB 124 <i>Related Party Disclosures</i>	31
AASB 127 <i>Separate Financial Statements</i>	32
AASB 128 <i>Investments in Associates and Joint Ventures</i>	33
AASB 129 <i>Financial Reporting in Hyperinflationary Economies</i>	33
AASB 132 <i>Financial Instruments: Presentation</i>	33
AASB 133 <i>Earnings per Share</i>	33
AASB 134 <i>Interim Financial Reporting</i>	33
AASB 136 <i>Impairment of Assets</i>	34
AASB 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	35
AASB 138 <i>Intangible Assets</i>	36
AASB 139 <i>Financial Instruments: Recognition and Measurement</i>	37
AASB 140 <i>Investment Property</i>	37
AASB 141 <i>Agriculture</i>	37
Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	38

Introduction

The Australian Accounting Standards Board (AASB) is a Commonwealth entity under the *Australian Securities and Investments Commission Act 2001* that develops, issues and maintains Australian Accounting Standards, including Interpretations, for both for-profit and not-for-profit (NFP) entities.

More than ten years ago Australia adopted International Financial Reporting Standards (IFRS Standards) which took effect in 2005 in line with a strategic direction from the Financial Reporting Council. A part of AASB's charter is to identify and make the necessary amendments to those standards to fit the Australian market.

A NFP entity is defined as 'an entity whose principal objective is not the generation of profit. A NFP entity can be a single entity or a group of entities comprising the parent entity and each of the entities that it controls'¹. NFP entities include public sector entities (eg local governments and government departments), and private sector entities (eg charities, incorporated associations).

What does this publication do?

This publication enables preparers and auditors of NFP financial statements to understand:

- the existing modifications to IFRS Standards for NFP entities
- the AASB's rationale for the modifications.

It should also assist the transition from IFRS Standards for those first encountering the Australian Financial Reporting Framework for NFPs.

When are NFP modifications to IFRS Standards made?

The AASB makes accounting standards based on IFRS Standards with a view to requiring like transactions and events to be accounted for in a like manner by all types of entities. This is referred to as 'transaction neutrality'.

In implementing this transaction-neutral policy the AASB:

- ensures Tier 1 for-profit entities remain compliant with IFRS Standards in the best interests of the Australian economy (additional requirements may be added where necessary to address jurisdiction specific issues)
- modifies IFRS Standards for NFP entities, such as charities and public sector entities, to address, as necessary, user needs, prevalence and magnitude of issues specific to the NFP sector, NFP application issues and undue cost or effort considerations.

How are NFP modifications identified?

Australian modifications to IFRS Standards, including those for NFP entities, are identified by 'Aus' paragraphs in the standards, or are located in specifically labelled appendices or examples.

¹ AASB 102 *Inventories*, para. Aus6.1



Related projects

As a result of the findings in [AASB Research Report No 4: Review of Adoption of International Financial Reporting Standards in Australia](#), the AASB is interested in views on what further modifications should be considered.

This document is considered an important basis for identifying areas where further modifications may be warranted. The AASB is benchmarking Australian Accounting Standards with International Public Sector Accounting Standards (IPSASs) to identify other possible areas for modification.

The AASB welcomes feedback on this document, including areas where further modifications may be appropriate. Please contact us at standard@asb.gov.au or by telephone +61 3 9617 7600.

This publication will be updated from time-to-time.

Limitations on use

Only Aus paragraphs specific to NFP entities have been addressed by this publication and therefore paragraphs that apply to both for-profit and NFP entities have been excluded. For example, paragraph 1(b) of AASB 1 *First-time Adoption of Australian Accounting Standards*, which defines the meaning of 'Australian Accounting Standards', which is relevant to both for-profit and NFP entities, has not been addressed in this publication.

This publication has not addressed paragraphs specific to NFP entities which are transitional in nature (eg NFP transitional relief in AASB 15 *Revenue from Contracts with Customers*).

All paragraphs included reflect the suite of Australian pronouncements, as updated to the publication date of this document. Some Australian Accounting Standards such as AASB 9 *Financial Instruments*, AASB 15 and AASB 16 *Leases* are not yet effective for an extended period but can be early adopted². Details of superseded Australian Accounting Standards such as AASB 111 *Construction Contracts*, AASB 117 *Leases* and AASB 118 *Revenue* have not been provided.

² Their application dates are as follows:

- AASB 9 applies to annual reporting periods beginning on or after 1 January 2018
- AASB 15, for not-for-profit entities, applies to annual reporting periods beginning on or after 1 January 2019
- AASB 16 applies to annual reporting periods beginning on or after 1 January 2019.

NFP entity requirements in Australian Accounting Standards

Table 1 identifies significant NFP amendments to Australian Accounting Standards that incorporate IFRS Standards.

Table 1: NFP amendments to Australian Accounting Standards that incorporate IFRS Standards.

AASB	Scope	Recognition	Measurement	Presentation	Disclosure	Defined terms	Australian guidance
AASB 1		•	•		•		
AASB 2							
AASB 3	•	•	•	•	•		
AASB 4							
AASB 5	•					•	
AASB 6							
AASB 7							
AASB 8							
AASB 9	•						•
AASB 10	•						•
AASB 11							
AASB 12							•
AASB 13					•		
AASB 14							
AASB 15	•						•
AASB 16			•				
AASB 101				•	•	•	
AASB 102	•	•	•		•	•	
AASB 107					•		
AASB 108							
AASB 110							
AASB 111**							•
AASB 112	•	•					
AASB 116		•	•		•	•	•
AASB 117**							
AASB 118**							
AASB 119			•				
AASB 120	•						
AASB 121							
AASB 123		•			•		
AASB 124							•
AASB 127					•		
AASB 128			•				
AASB 129							
AASB 131							
AASB 132							
AASB 133							
AASB 134	•						
AASB 136	•	•				•	
AASB 137		•					
AASB 138		•	•		•		
AASB 139							
AASB 140	•		•				
AASB 141		•	•				
Interpretation 1*		•					

* Interpretation 1 is the only IFRS-equivalent Australian Interpretation that includes modification for application by NFP entities.

** Standards which are soon-to-be superseded and therefore have not been addressed in this document.



Table 2 identifies Australian Accounting Pronouncements without a corresponding IFRS Standard that applies only to NFP entities or include specific requirements for NFP entities.

Table 2: Australian Accounting Pronouncements without a corresponding IFRS Standard.

AASB	Application
AASB 1004	Government departments, local governments and whole of governments, and other government controlled NFP entities
AASB 1049	Whole of government, GGS
AASB 1050	Government departments
AASB 1051	Local governments, government departments and whole of governments, and GGSs
AASB 1052	Local governments and government departments
AASB 1055	Whole of government, GGSs, each NFP reporting entity within the GGS
AASB 1058	NFP entities, local governments, government departments, GGSs and whole of government

All AASB amendments to Australian Accounting Standards incorporating IFRS Standards

The following pages summarise all NFP specific amendments to Australian Accounting Standards incorporating IFRS Standards.

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

Nature	Description	Reason included	Text of paragraph(s) ³
Recognition Measurement Disclosure	Relief for NFP public sector entities in certain instances of non-compliance with previous GAAP.	Responds to a transitional issue affecting certain NFP public sector entities. The additional disclosure requirements mitigate any concerns about widening access to AASB 1. [ref: AASB Basis for Conclusions in the Preface to AASB 2006-2]	Aus3.2 In rare circumstances, a NFP public sector entity may experience extreme difficulties in complying with the requirements of certain Australian Accounting Standards due to information deficiencies that have caused the entity to state non-compliance with previous GAAP. In these cases, the conditions specified in paragraph 3 for the application of this Standard are taken to be satisfied provided the entity: (a) discloses in its first Australian-Accounting-Standards financial statements: (i) an explanation of information deficiencies and its strategy for rectifying those deficiencies; and (ii) the Australian Accounting Standards that have not been complied with; and (b) makes an explicit and unreserved statement of compliance with other Australian Accounting Standards for which there are no information deficiencies.
Measurement	A lease acquired at significantly below market value is initially recognised at fair value.	The Board noted that where an entity enters into a lease with below-market terms and conditions it is unlikely that the lease liability would reflect an appropriate starting point to measure the right-of-use asset and accurately reflect the substance of the lease transaction. Consequently, the Board decided to specify that the right-of-use asset be initially measured at the fair value of the right to use the underlying asset in accordance with the terms	AusD7.1 Notwithstanding paragraphs D5-D7, where a lessee is a NFP entity and the lease had at inception significantly below-market terms and conditions principally to enable the entity to further its objectives, the entity shall measure the right-of-use asset at fair value at the beginning of the current period presented in the entity's first Australian Accounting Standards financial statements or at the previous GAAP valuation if that valuation broadly reflects that fair value.

³ The term 'not-for-profit' has been amended to 'NFP' in the paragraphs referenced for the purpose of this document



Nature	Description	Reason included	Text of paragraph(s) ³
Recognition	Initial recognition of NFP leases obtained significantly below market-value.	<p>The Board considered whether the general features of the exemptions available for lease assets and lease liabilities in AASB 1 should apply also to leases with significantly below-market terms and conditions at inception.</p> <p>The Board noted if it did so, assets acquired through such leases could remain understated in a first-time adopter's financial statements. The Board considered this reduced comparability between a NFP first-time adopter and a NFP entity that is already applying Australian Accounting Standards.</p> <p>Accordingly, the Board decided not to extend this exemption to leases for which the initial recognition and measurement is specified by AASB 1058. However, the Board considered that some measure of transitional relief is necessary, and decided a first-time adopter should have access to similar relief in this regard as an entity already applying Australian Accounting Standards.</p> <p>[ref: AASB 1058.BC160]</p>	<p>AusD9D.1 Notwithstanding paragraphs D9B-D9D, where a lessee is a NFP entity and the lease had at inception significantly below-market terms and conditions principally to enable the entity to further its objectives, all references in those paragraphs to the date of transition to Australian Accounting Standards shall be read as referring to the beginning of the current period presented in the entity's first Australian Accounting Standards financial statements.</p> <p>Consequently, the entity shall measure the lease liability and the right-of-use asset at that date. The right-of-use asset shall be measured in accordance with paragraph AusD7.1.</p> <p>AusD9D.2 Where a lessee is a NFP entity and the lease had at inception significantly below-market terms and conditions principally to enable the entity to further its objectives, the entity shall also recognise any related items in accordance with paragraph 9 of AASB 1058 <i>Income of Not-for-Profit Entities</i>.</p> <p>Any income arising shall be recognised as an adjustment to the opening balance of retained earnings (or another component of equity, as appropriate) at the beginning of the current period presented in the entity's first Australian Accounting Standards financial statements.</p>

AASB 2 Share-based Payments

No modification only for NFP entities.



AASB 3 Business Combinations

Nature	Description	Reason included	Text of paragraph(s)
Scope	Addresses the accounting for restructures of local government entities.	The AASB decided that, in principle, there is no conceptual basis for accounting for business combinations among NFP entities differently from other, analogous, types of business combinations.	Aus1.1 Where assets and liabilities are transferred to a local government from another local government at no cost, or for nominal consideration, pursuant to legislation, ministerial directive or other externally imposed requirement, paragraphs Aus63.1–Aus63.9 shall be applied.
Recognition Measurement		<p>However, the AASB noted that the accounting for business combinations may differ depending on whether entities, such as local governments or universities, are commonly controlled. In that regard, the AASB confirmed that further work should be undertaken on its longer-term 'control in the public sector' project, which should include consideration of whether local governments or universities within a jurisdiction are subject to common control.</p> <p>In the interim, the AASB decided to maintain the status quo in respect of accounting for restructures of local governments by substantially incorporating the requirements originally transferred from AAS 27 <i>Financial Reporting by Local Governments</i> to superseded AASB 3 (as amended in December 2007 by AASB 2007-9 <i>Amendments to Australian Accounting Standards arising from the Review of AASs 27, 29 and 31</i>) into revised AASB 3 (March 2008, as amended). The AASB noted that the relief carried forward from AAS 27 might be impacted by the progress it makes on its 'control in the public sector' project.</p> <p>The AASB noted that this approach to restructures of</p>	<p>Restructures of local governments</p> <p>Aus63.1 Where assets and liabilities are transferred to a local government from another local government at no cost, or for nominal consideration, pursuant to legislation, ministerial directive or other externally imposed requirement, the transferee local government shall recognise assets and liabilities and any gain or loss.</p> <p>Aus63.2 Assets transferred to a local government from another local government at no cost, or for nominal consideration, by virtue of legislation, ministerial directive or other externally imposed requirement shall be recognised initially either at the amounts at which the assets were recognised by the transferor local government as at the date of the transfer, or at their fair values.</p> <p>Aus63.3 A restructure of local governments involves the transfer of assets and liabilities of a local government to another local government, at no cost or for nominal consideration, by virtue of legislation, ministerial directive or other externally imposed requirement. This gives rise to assets and liabilities and a gain or loss of the transferee local government. A restructure of local governments may take the form of a new local government being constituted and other local governments being abolished as a result of a State government's policy to effectively amalgamate a number of local governments.</p> <p>Aus63.4 A restructure of local governments involves a change in the resources controlled by the local governments involved in the restructure. The transferor local government will decrease its assets by the carrying amount of the assets transferred. The transferred assets will usually be recognised by the transferee at their carrying amounts in the books of the transferor at the time of the transfer. Such amounts provide a practical basis for recognising the transfer of assets, particularly when many assets are involved, as is usually the case in a restructure of local governments. However, the recognition of transferred assets at fair value is permitted by this Standard.</p> <p>Aus63.5 The restructures of local governments referred to in paragraphs Aus63.3 and Aus63.4 do not involve transfers between the local government and its ownership group but give rise to a gain or</p>



Nature	Description	Reason included	Text of paragraph(s)
Presentation Disclosure		<p>local governments, consistent with its general approach to the short-term review of AASs 27, 29 and 31, is pragmatic and a consequence of the past requirements in AAS 27.</p> <p>[ref: AASB 2008-11.BC3, BC6-8]</p>	<p>loss that is recognised in the statement of comprehensive income.</p> <p>Aus63.6 Assets and liabilities transferred during the reporting period and recognised in accordance with paragraph Aus63.1 shall be disclosed separately, by class, by way of note or otherwise, and the transferor local government shall be identified.</p> <p>Aus63.7 Any gain or loss recognised in accordance with paragraph Aus63.1 shall be separately disclosed in the statement of comprehensive income.</p> <p>Aus63.8 The disclosures required by paragraph Aus63.6 will assist users to identify the assets and liabilities recognised as a result of a restructure separately from other assets and liabilities and to identify the transferor local government. In addition, the disclosures required by paragraph Aus63.7 will assist users to identify separately the gain or loss which results from a restructure of local governments.</p> <p>Aus63.9 Local governments are not required to apply paragraphs 59 to 63 and the related Appendix B Application Guidance paragraphs of this Standard when disclosing information about restructures of local governments.</p>

AASB 4 Insurance Contracts

No modification only for NFP entities.

AASB 5 Non-current Assets Held for Sale and Discontinued Operations

Nature	Description	Reason included	Text of paragraph(s)
Scope	Scope exclusion for restructuring of administrative arrangements and administered activities.	<p>Scope exclusion provides helpful cross-references and acknowledges that:</p> <p>(a) AASB 1004 <i>Contributions</i> deals with restructuring of administrative arrangements; and</p> <p>(b) AASB 1050 <i>Administered Items</i> deals with administered activities of government departments. AASB 5 deals with controlled items whereas AASB 1050 deals with administered items (which are not controlled items).</p> <p>The Aus paragraphs in AASB 5 reflect recent amendments brought about by the review of AASs 27, 29 and 31. In relation to paragraph Aus2.1 of AASB 5, the treatment of restructures of administrative arrangements and the restructuring of administered activities of government departments will be reviewed as part of the AASB's longer-term review of public sector issues.</p> <p>[ref: AASB 2007-9.BC28]</p>	<p>Aus2.1 The requirements in this Standard do not apply to:</p> <p>(a) the restructuring of administrative arrangements; and</p> <p>(b) the restructuring of administered activities of government departments.</p> <p>Aus2.2 AASB 1004 <i>Contributions</i> includes requirements for the disclosure of assets, liabilities and items of equity resulting from the restructuring of administrative arrangements.</p> <p>Aus2.3 An administered activity of a government department does not give rise to income and expenses of the department reporting the administered activity (see AASB 1050 <i>Administered Items</i>) and therefore, from the point of view of the department, the discontinuance of an administered activity does not give rise to a discontinued operation. However, if a government were to discontinue an activity that one of its departments had disclosed as an administered activity, from the point of view of that government the discontinuance may constitute a discontinued operation.</p>
		<p>Places the requirements in AASB 3 <i>Business Combinations</i> relating to restructuring of local governments in context, and clarifies that AASB 5 might apply to a transferor local government.</p>	<p>Aus2.4 Although AASB 3 <i>Business Combinations</i> contains requirements relating to the restructuring of local governments, these requirements only apply to the local government receiving assets or liabilities as a result of the restructuring. This Standard applies to the local government transferring assets and liabilities where the restructuring results in a discontinued operation of the transferor local government.</p>
Defined terms	Value in use as defined in AASB 136 relies on cash flows so is	<p>Signpost to other relevant requirements</p> <p>See reason in respect of</p>	<p>Aus footnote to definition of 'value in use' in Appendix A value in use – NFP entities should refer to AASB 136 <i>Impairment of Assets</i> when the future economic benefits of an asset are not</p>



Nature	Description	Reason included	Text of paragraph(s)
	generally nil for NFPs. However, fair value methodologies under AASB 13 include current replacement cost which is more relevant to NFPs.	AASB 136 para Aus5.1	primarily dependent on the asset's ability to generate net cash inflows.

AASB 6 *Exploration for and Evaluation of Mineral Resources*

No modification only for NFP entities.

AASB 7 *Financial Instruments: Disclosures*

No modification only for NFP entities.

AASB 8 *Operating Segments*

NFP entities are not required to apply this Standard, which incorporates IFRS 8 *Operating Segments*. Segment-like information however, is specified by AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and AASB 1052 *Disaggregated Disclosures*, which apply to NFP public sector entities.

The submissions received by the AASB on IASB ED 8 *Operating Segments* indicated that the management approach is not supported in respect of entities in the public sector [ref: May 2006 AASB/FRSB joint Board Meeting Minutes]

AASB 9 Financial Instruments

Nature	Description	Reason included	Text of paragraph(s)
Scope	Non-contractual receivables, such as income tax, arising from statutory requirements are within the scope of AASB 9.	The Board considered that requiring entities to apply AASB 9 for the initial measurement of non-contractual receivables arising from statutory obligations addressed the uncertainty surrounding the appropriate treatment of those receivables. [ref: AASB 2016-8.BC10]	Aus2.1.1 Notwithstanding paragraph 2.1, in respect of NFP entities, the initial recognition and measurement requirements of this Standard apply to non-contractual receivables arising from statutory requirements as if those receivables are financial instruments.
Australian Guidance	Implementation Guidance explaining non-contractual statutory receivables from the perspective of NFP entities in the private and public sectors. The guidance is an integral part of the Standard and has the same authority as the other parts of the Standard.	The Board noted that applying AASB 9 only for initial recognition of non-contractual statutory receivables could cause confusion and therefore decided to add guidance to accompany AASB 9. [ref: AASB 2016-8.BC13]	Appendix C The text is excluded from this publication but is available on the AASB website .

AASB 10 Consolidated Financial Statements

Nature	Description	Reason included	Text of paragraph(s)
Scope	Relief from presenting consolidated financial statements when certain conditions are met.	Due to the addition of Aus paragraphs in Australian Accounting Standards, the financial statements of some entities applying Australian Accounting Standards are not IFRS compliant. This means that a parent that has an ultimate parent or other intermediate parent that prepares non-IFRS-compliant consolidated financial statements does not have access to the exemption from consolidation otherwise available under IFRS, even if the exemption criteria are	Aus4.1 Notwithstanding paragraph 4(a)(iv), a parent that meets the criteria in paragraphs 4(a)(i), 4(a)(ii) and 4(a)(iii) need not present consolidated financial statements if its ultimate or any intermediate parent produces financial statements that are available for public use in which subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with this Standard and: (a) the parent and its ultimate or intermediate parent are: (i) both NFP entities complying with Australian Accounting Standards; or (ii) both entities complying with Australian Accounting Standards – Reduced Disclosure Requirements; or



Nature	Description	Reason included	Text of paragraph(s)
		<p>met.</p> <p>The AASB introduced this relief into AASB 127 in 2011 based on the principle that financial statement users will be able to satisfy their information needs through the consolidated financial statements prepared by the NFP parent higher up in the group. The relief was carried forward into AASB 10 in 2011.</p> <p>[ref: AASB 2011-5.BC3-BC6]</p>	<p>(b) the parent is an entity complying with Australian Accounting Standards – Reduced Disclosure Requirements and its ultimate or intermediate parent is a NFP entity complying with Australian Accounting Standards.</p>
<p>Australian Guidance</p>	<p>Implementation Guidance explaining and illustrating the control principle.</p> <p>The guidance is an integral part of the Standard and has the same authority as the other parts of the Standard.</p>	<p>Based on research findings of implementation issues encountered by NFP entities in applying the notion of control prior to the application of AASB 10, and the nature of many of the issues identified during outreach activity, the Board concluded that the principles in AASB 10 could be applied in a NFP context, albeit using professional judgement, but that certain aspects of those principles and the terminology adopted warranted specific implementation guidance for NFP entities.</p> <p>[ref: AASB 2013-8.BC1-BC3]</p>	<p>Appendix E.IG1-IG5</p> <p>The text is excluded from this publication but is available on the AASB website.</p>

AASB 11 *Joint Arrangements*

No modification only for NFP entities.



AASB 12 *Disclosure of Interests in Other Entities*

Nature	Description	Reason included	Text of paragraph(s)
Australian Guidance	<p>Implementation Guidance explaining and illustrating the definition of 'structured entity'.</p> <p>The guidance is an integral part of the Standard and has the same authority as other parts of the Standard.</p>	<p>While considering NFP issues regarding AASB 10, the Board noted that the definition of 'structured entity' in AASB 12 does not readily translate to a NFP perspective as it focusses on voting or similar rights, which have less significance in general for many NFP entities. The Board decided to include implementation guidance to assist NFP entities in applying this definition.</p> <p>[ref: AASB 2013-8.BC33-BC34]</p>	<p>Appendix E.IG1-IG9</p> <p>The text is excluded from this publication, however, available on the AASB website.</p>

AASB 13 *Fair Value Measurement*

Nature	Description	Reason included	Text of paragraph(s)
Disclosure	<p>Relieves NFP public sector entities from certain specified disclosures applicable to measurements categorised as Level 3 in the fair value hierarchy, for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows.</p> <p>The relief includes exemption from disclosing:</p> <ul style="list-style-type: none"> quantitative information about significant unobservable inputs information about the sensitivity of the measurement the unrealised 	<p>Following outreach, the AASB considered that it is presently appropriate to depart from its policy of transaction neutrality for cost-benefit reasons in relation to certain specified disclosures applicable to assets within the scope of AASB 116 that are primarily held for their current service potential rather than to generate future net cash inflows.</p> <p>[ref: AASB 2015-7.BC8-BC10]</p>	<p>Aus93.1 Notwithstanding paragraph 93, in respect of NFP public sector entities, for assets within the scope of AASB 116 <i>Property, Plant and Equipment</i> for which the future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, the following requirements do not apply:</p> <p>(a) in paragraph 93(d), the text 'For fair value measurements categorised within Level 3 of the fair value hierarchy, an entity shall provide quantitative information about the significant unobservable inputs used in the fair value measurement. An entity is not required to create quantitative information to comply with this disclosure requirement if quantitative unobservable inputs are not developed by the entity when measuring fair value (eg when an entity uses prices from prior transactions or third-party pricing information without adjustment). However, when providing this disclosure an entity cannot ignore quantitative unobservable inputs that are significant to the fair value measurement and are reasonably available to the entity</p> <p>(b) paragraph 93(f)</p> <p>(c) paragraph 93(h)(i).</p>

Nature	Description	Reason included	Text of paragraph(s)
	gains and losses included in profit and loss.		

AASB 14 Regulatory Deferral Accounts

No modification only for NFP entities.

AASB 15 Revenue from Contracts with Customers

See also AASB 1004, AASB 1058, AASB 120

Nature	Description	Reason included	Text of paragraph(s)
Scope	Transfer of a financial asset to enable a NFP entity to acquire or construct controlled non-financial assets is not within the scope of AASB 15.	The Board observed that NFP entities might receive transfers of financial assets that the entity must use to acquire or construct a non-financial asset that the entity will control. The Board noted various views on the requirements that should apply to these transfers, which could result in divergence in practice. The Board considered that these transfers are an in-substance transfer of the underlying non-financial asset the entity must acquire or construct. Accordingly, the Board decided to specify accounting requirements for these transfers in AASB 1058 and to clearly state that these transfers are not within the scope of AASB 15 for NFP entities. [ref: AASB 2016-8.BC17]	Aus5.1 In addition to paragraph 5, in respect of NFP entities, a transfer of a financial asset to enable an entity to acquire or construct a recognisable non-financial asset that is to be controlled by the entity, as described in AASB 1058 <i>Income of Not-for-Profit Entities</i> , is not within the scope of this Standard.
Scope	Contracts involving a NFP entity may only be partially within the scope of AASB 15.	The Board noted that paragraph 15 of AASB 15 specifies requirements for contracts with customers that do not meet the criteria in paragraph 9 of AASB 15. For the purposes of the guidance the Board developed to accompany AASB 15 the Board noted, in particular, that some of the criteria in paragraph 9 relate to	Aus7.1 For NFP entities, a contract may also be partially within the scope of this Standard and partially within the scope of AASB 1058.
Scope	Contracts involving a NFP entity are not within the scope of AASB 15 if they are not enforceable or sufficiently specific.		Aus9.1 Notwithstanding paragraph 9, in respect of NFP entities, if a contract that would otherwise be within the scope of AASB 15 does not meet the criteria in paragraph 9 as it is unenforceable or not sufficiently specific, it is not a contract with a customer within the scope of AASB 15 (see paragraph F5). An entity shall consider the



Nature	Description	Reason included	Text of paragraph(s)
		<p>enforceable agreements and sufficiently specific performance obligations.</p> <p>The Board considered that the requirements of paragraph 15 would create ambiguity in the context of AASB 1058 and the additional guidance the Board developed to accompany AASB 15. Consequently, the Board decided to amend AASB 15 to state that any contract of a NFP entity that is not enforceable or does not contain sufficiently specific performance obligations is not within the scope of AASB 15. Moreover, NFP entities would need to consider whether that contract should be accounted for in accordance with AASB 1058. The Board noted that this amendment would help to avoid confusion and divergence in practice.</p> <p>[ref: AASB 2016-8.BC18]</p>	<p>requirements of AASB 1058 in accounting for such contracts.</p>
Scope	<p>NFP government departments to apply AASB 1050 for administered items.</p>	<p>Signpost</p>	<p>AusB34.1 Notwithstanding paragraphs B34-38, NFP entities that are government departments shall apply the requirements of AASB 1050 <i>Administered Items</i> to administered items.</p>
Australian Guidance	<p>Implementation Guidance explaining and illustrating the principles in the Standard from the perspective of NFP entities in the private and public sectors, particularly to address circumstances where a for-profit perspective does not readily translate to a NFP perspective.</p>	<p>The Board conducted a comprehensive review of AASB 15 to determine where additional NFP guidance might be required. As a result, the Board decided to develop guidance for NFP entities including addressing:</p> <p>(a) how NFP entities should apply terminology used in AASB 15;</p> <p>(b) when an agreement with another party creates enforceable rights and obligations; and</p> <p>(c) how to identify when performance obligations</p>	<p>Appendix F</p> <p>The text is excluded from this publication but is available on the AASB website.</p>



Nature	Description	Reason included	Text of paragraph(s)
		<p>exist, requiring a promise to transfer a good or a service to be specified in sufficient detail to be able to determine when the obligation is satisfied.</p> <p>[ref: AASB 2016-8.BC15]</p>	

AASB 16 Leases

Nature	Description	Reason included	Text of paragraph(s)
Measurement	A lease acquired at significantly below market terms initially recognised at fair value.	<p>The Board noted that where an entity enters into a lease with below-market terms and conditions it is unlikely that the lease liability would reflect an appropriate starting point to measure the right-of-use asset and accurately reflect the substance of the lease transaction. Consequently, the Board decided to specify that the right-of-use asset be initially measured at the fair value of the right to use the underlying asset in accordance with the terms and conditions of the lease.</p> <p>[ref: AASB 1058.BC84]</p>	<p>Aus25.1 Notwithstanding paragraphs 23–25, where the lessee is a NFP entity and the lease has significantly below-market terms and conditions principally to enable the entity to further its objectives, the right-of-use asset shall initially be measured at fair value in accordance with AASB 13 <i>Fair Value Measurement</i>. AASB 1058 <i>Income of Not-for-Profit Entities</i> addresses the recognition of related amounts.</p>



AASB 101 *Presentation of Financial Statements*

Nature	Description	Reason included	Text of paragraph(s)
Presentation	Prohibition on certain types of entities departing from Standards: Corporations Act entities, NFP entities and RDR entities.	Signpost.	<p>Aus19.1 In relation to paragraph 19, the following shall not depart from a requirement in an Australian Accounting Standard:</p> <ul style="list-style-type: none"> (a) entities required to prepare financial reports under Part 2M.3 of the Corporations Act (b) private and public sector NFP entities (c) entities applying Australian Accounting Standards – Reduced Disclosure Requirements.
Disclosure	No capital management disclosure requirements.	<p>NFP entities are not required to present the disclosures because they are not regarded as relevant to the capital structure of NFP entities. Sources of capital for NFP entities (eg donations, taxes, grants appropriations) are generally different from those of for-profit entities.</p> <p>[ref: agenda item 14 of 8-9 March 2004 AASB Meeting Minutes]</p>	<p>Aus136.1 The application of paragraphs 134-136 is limited to 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.</p> <p>Aus136.2 Notwithstanding paragraph Aus136.1, a NFP entity need not present the disclosures required by paragraphs 134-136.</p>
Defined terms	Definitions of reporting entity, government, and government department.	<p>With the adoption of IFRSs in Australia in 2005, a definition of reporting entity was originally included in AASB 3. Subsequently, the definition was moved to AASB 101 for periods beginning 1 January 2009. As part of the short-term review of AASs 27, 29 and 31, the AASB decided to complement the definition by adding Australian material that explicitly states that local governments, governments and most, if not all, government departments are reporting entities. This approach retains the relevant aspects of AASs 27, 29 and 31 without leaving a vacuum once those Standards are superseded. Definitions of local government, government and government department have also been added to AASB 101, carried over from AASs 27, 29 and 31, to avoid leaving a vacuum. [ref: AASB 2007-9.BC11]</p>	<p>Aus7.2 In respect of public sector entities, local governments, governments and most, if not all, government departments are reporting entities:</p> <p><i>reporting entity</i> 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.</p> <p><i>government</i> means the Australian Government, the Government of the Australian Capital Territory, New South Wales, the Northern Territory, Queensland, South Australia, Tasmania, Victoria or Western Australia.</p> <p><i>government department</i> means a government controlled entity, created pursuant to administrative arrangements or otherwise designated as a government department by the government which controls it.</p> <p><i>local government</i> means an entity comprising all entities controlled by a governing body elected or appointed pursuant to a Local Government Act or similar legislation.</p>



AASB 102 *Inventories*

Nature	Description	Reason included	Text of paragraph(s)
Scope	Exception for work in progress of services to be provided for no or nominal consideration.	<p>Relevant costs related to work in progress of services to be provided for no or nominal consideration can be recognised immediately as expenses, since there will be no future economic benefits to be received to justify recognition as an asset under the <i>Framework</i>.</p> <p>[proposed in ED 116 <i>Request for Comment on IAS 2 and IPSAS 12 Inventories</i>, approved at February 2004 AASB meeting]</p>	<p>Aus2.1 Notwithstanding paragraph 2, in respect of NFP entities, this Standard does not apply to work in progress of services to be provided for no or nominal consideration directly in return from the recipients.</p>
Measurement	Measure inventories held for distribution at cost, adjusted for loss of service potential.	<p>The requirement to measure inventories held for distribution at cost, adjusted when applicable for any loss of service potential, would give rise to more relevant information that better reflects the various accountabilities of NFP entities. In addition, the requirement is likely to be more appropriate in practical terms than the former requirement (which was lower of cost and current replacement cost) in some circumstances.</p> <p>Explicit guidance on cost of inventories acquired by a NFP entity for no cost or for nominal consideration.</p> <p>[ref: AASB 102.BC12-BC20]</p>	<p>Aus9.1 Notwithstanding paragraph 9, each NFP entity shall measure inventories held for distribution at cost, adjusted when applicable for any loss of service potential.</p> <p>Aus9.2 NFP entities would need to use judgment in determining the factors relevant to the circumstances in assessing whether there is a loss of service potential for inventories held for distribution. For many inventories held for distribution, a loss of service potential would be identified and measured based on the existence of a current replacement cost that is lower than the original acquisition cost or other subsequent carrying amount. For other inventories held for distribution, a loss of service potential might be identified and measured based on a loss of operating capacity due to obsolescence. Different bases for determining whether there has been a loss of service potential and the measurement of that loss may apply to different inventories held for distribution within the same entity.</p>
Recognition	Recognise inventories held for distribution as an expense when distributed.		<p>Aus34.1 When inventories held for distribution by a NFP entity are distributed, the carrying amount of those inventories shall be recognised as an expense. The amount of any write-down of inventories for loss of service potential and all losses of inventories shall be recognised as an expense in the period in which the write-down or loss occurs. The amount of any reversal of any write-down of inventories arising from a reversal of the circumstances that gave rise to the loss of service potential shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.</p>



Nature	Description	Reason included	Text of paragraph(s)
Measurement	Inventory acquired at significantly less than fair value initially recognised at current replacement cost.	<p>The Board discussed a concern that it may be inappropriate to require all inventories acquired for consideration significantly less than fair value principally to enable the entity to further its objectives to be initially measured at fair value. The Board observed that a day-one loss might arise in instances where current replacement cost (subsequent measurement requirements) as defined in AASB 102 was determined to be less than the fair value on initial recognition of inventories held for distribution. Consequently, in finalising this Standard, the Board decided to instead require inventories acquired for consideration significantly less than fair value principally to enable the entity to further its objectives to be measured, on initial recognition, at their current replacement cost, rather than at fair value as proposed. The Board considered this avoids inadvertently potentially creating new inventory measurement issues.</p> <p>[ref: AASB 1058.BC67&68]</p>	<p>Aus10.1 Notwithstanding paragraph 10 and subject to paragraph Aus10.2, NFP entities shall initially measure the cost of inventories at current replacement cost where the consideration for those inventories is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 <i>Income of Not-for-Profit Entities</i> addresses the recognition of related amounts.</p> <p>Aus10.2 As a practical expedient, where a NFP entity acquires inventory for consideration that is significantly less than fair value principally to enable the entity to further its objectives, the entity may elect to recognise an item of inventory based on an assessment of the materiality either of the individual item or of inventories at an aggregate or portfolio level.</p>
Disclosure	Disclosure of inventories held for distribution.	Consequence of Aus9.1 discussion above.	<p>Aus36.1 Notwithstanding paragraph 36, in respect of NFP entities, the financial statements shall disclose:</p> <ul style="list-style-type: none"> (a) the accounting policies adopted in measuring inventories held for distribution, including the cost formula used; (b) the total carrying amount of inventories held for distribution and the carrying amount in classifications appropriate to the entity; (c) the amount of inventories held for distribution recognised as an expense during the period in accordance with paragraph Aus34.1; (d) the amount of any write-down of inventories held for distribution recognised as an expense in the period in accordance with paragraph Aus34.1; (e) the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories held for distribution



Nature	Description	Reason included	Text of paragraph(s)
			<p>recognised as expense in the period in accordance with paragraph Aus34.1;</p> <p>(f) the circumstances or events that led to the reversal of a write-down of inventories held for distribution in accordance with paragraph Aus34.1;</p> <p>(g) the carrying amount of inventories held for distribution pledged as security for liabilities; and</p> <p>(h) the basis on which any loss of service potential of inventories held for distribution is assessed, or the bases when more than one basis is used.</p>
<p>Defined terms</p>	<p>Definition of inventory held for distribution and replacement costs of the inventory.</p>	<p>NFP specific definitions and acknowledgement that a NFP entity's principal objective is not to generate profit.</p> <p>[proposed in ED 116 <i>Request for Comment on IAS 2 and IPSAS 12 Inventories</i>, approved at February 2004 AASB meeting]</p>	<p>Aus6.1 The following terms are also used in this Standard with the meanings specified. A NFP entity is an entity whose principal objective is not the generation of profit. A NFP entity can be a single entity or a group of entities comprising the parent entity and each of the entities that it controls.</p> <p>In respect of NFP entities, current replacement cost is the cost the entity would incur to acquire the asset at the end of the reporting period.</p> <p>In respect of NFP entities, inventories held for distribution are assets:</p> <p>(a) held for distribution at no or nominal consideration in the ordinary course of operations;</p> <p>(b) in the process of production for distribution at no or nominal consideration in the ordinary course of operations; or</p> <p>(c) in the form of materials or supplies to be consumed in the production process or in the rendering of services at no or nominal consideration.</p> <p>Aus8.1 A NFP entity may hold inventories whose future economic benefits or service potential are not directly related to their ability to generate net cash inflows. These types of inventories may arise when an entity has determined to distribute certain goods at no charge or for a nominal amount. In these cases, the future economic benefits or service potential of the inventory for financial reporting purposes is reflected by the amount the entity would need to pay to acquire the economic benefits or service potential if this was necessary to achieve the objectives of the entity. Where the economic benefits or service potential cannot be acquired in the market, an estimate of replacement cost will need to be made. If the purpose for which the inventory is held changes, then the inventory is valued using the provisions of paragraph 9.</p> <p>Aus8.2 The replacement cost that an entity would be prepared to incur in respect of an item of inventory would reflect any obsolescence or any other impairment.</p>



AASB 107 Statement of Cash Flows

Nature	Description	Reason included	Text of paragraph(s)
Disclosure	A reconciliation of cash flows from operating activities to net cost of services (if disclosed) is required if the direct method is used.	Acknowledgement of the possible relevance to a NFP entity of showing a net cost of services total in the statement of comprehensive income.	Aus20.2 NFP entities that use the direct method and that highlight the net cost of services in their statement of comprehensive income for the reporting period shall disclose in the complete set of financial statements a reconciliation of cash flows arising from operating activities to net cost of services as reported in the statement of comprehensive income.

AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors

No modification only for NFP entities.

AASB 110 Events after the Reporting Period

No modification only for NFP entities.

AASB 111 Construction Contracts

Superseded by AASB 15 for periods beginning on or after 1 January 2019.

AASB 112 Income Taxes

Nature	Description	Reason included	Text of paragraph(s)
Scope	Income tax equivalents of public sector entities included in scope.	The Board decided to extend the scope of AASB 112 to include accounting for income tax equivalents by certain NFP entities as AASB 112 does not contemplate the application of its principles to income tax equivalents, which prior Australian GAAP accounted for before being superseded by AASB 112. [ref: agenda paper 6.3 of October 2003 AASB Board Meeting]	Aus2.1 For public sector entities and for the purposes of this Standard, income taxes also include forms of income tax that may be payable by a public sector entity under their own enabling legislation or other authority. These forms of income tax are often referred to as 'income tax equivalents'.
Scope	Government grants are addressed by AASB 1058 and AASB 15.	Signpost.	Aus4.1 In respect of NFP entities, AASB 1058 <i>Income of Not-for-Profit Entities</i> and AASB 15 <i>Revenue from Contracts with Customers</i> address the accounting for government grants.



Nature	Description	Reason included	Text of paragraph(s)
Recognition	A deferred tax asset does not arise on a non-taxable government grant relating to an asset.	<p>As part of its deliberations about an appropriate approach, the Board observed that extending the scope of AASB 120 to NFP entities would allow government grants to be accounted for under a strict transaction-neutral approach. However, the Board was reluctant to do so, given the:</p> <ul style="list-style-type: none"> (a) limited scope of transfers addressed by AASB 120 compared to the varied transfers received by a NFP entity; and (b) application of the recognition and presentation requirements in that Standard could result in an entity's assets being materially understated. For example: <ul style="list-style-type: none"> (i) government grants of non-monetary assets may be measured at a nominal amount; (ii) government grants relating to assets may be deducted in determining the carrying amount of the assets; and (iii) grants are not to be recognised by an entity until there is reasonable assurance that the entity will comply with the conditions attaching to the grants and the grants will be received (however, conditions attaching to grants are relevant to whether liabilities exist, not to whether assets have been received). <p>[ref: AASB 1058.BC15]</p>	<p>Aus33.1 In respect of NFP entities, a deferred tax asset will not arise on a non-taxable government grant relating to an asset. For example, under AASB 1058 <i>Income of Not-for-Profit Entities</i>, where a NFP entity accounts for the receipt of non-taxable government grants as income rather than as deferred income, a temporary difference does not arise.</p>



AASB 116 *Property, Plant and Equipment*

Nature	Description	Reason included	Text of paragraph(s)
Recognition	Recognise revaluation increases and decreases on a class of assets basis.	<p>Given the prevalence of revaluations to fair value in the public sector, the AASB considered there would be situations where accounting for revaluations on a class of asset basis in relation to both increments and decrements is more cost beneficial than the IAS 16 treatment. Accordingly the AASB decided to adopt the same treatment as IPSAS 17 <i>Property, Plant and Equipment</i>.</p> <p>[proposed in ED 120 <i>Request for Comment on IAS 16 and IPSAS 17 Property, Plant and Equipment</i>, approved at January 2004 AASB meeting.]</p>	<p>Aus39.1 Notwithstanding paragraph 39, in respect of NFP entities, if the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.</p> <p>Aus40.1 Notwithstanding paragraph 40, in respect of NFP entities, if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of asset. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.</p> <p>Aus40.2 Notwithstanding paragraph 40, in respect of NFP entities, revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment shall be offset against one another within that class but shall not be offset in respect of assets in different classes.</p>
Measurement	Fair value property, plant and equipment acquired at significantly less than fair value on initial recognition.	<p>The Board considered that, if a vendor, in a transaction in which a NFP entity acquires an asset, or a lessor, in a finance lease entered by a NFP entity, makes a donation in the sale or lease contract, the NFP entity should measure the cost of the asset at fair value with a corresponding amount recognised as income (assuming there are no related amounts to recognise on the transaction in accordance with paragraph 9 of AASB 1058). The Board noted that this view is consistent with the requirement in paragraph 66 of AASB 15 for an entity to measure any non-cash</p>	<p>Aus15.1 Notwithstanding paragraph 15, NFP entities shall initially measure the cost of an item of property, plant and equipment at fair value in accordance with AASB 13 <i>Fair Value Measurement</i> where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 <i>Income of Not-for-Profit Entities</i> addresses the recognition of related amounts.</p> <p>Aus15.3 In respect of NFP entities, for the purposes of this Standard, the initial recognition and measurement at fair value of an item of property, plant and equipment in accordance with paragraph Aus15.2 does not constitute a revaluation. Accordingly, the revaluation requirements in paragraph 31, and the supporting commentary in paragraphs 34 and 35, only apply where an entity elects to revalue an item of property, plant and equipment after its recognition.</p>



Nature	Description	Reason included	Text of paragraph(s)
		<p>consideration at fair value to determine the transaction price in respect of a contract in which a customer promises consideration in a form other than cash.</p> <p>[ref: AASB 1058.BC61]</p>	
Disclosure	Disclosure exception for carrying amount of revalued class under the cost model.	<p>The AASB notes that revaluation is more common in the NFP sector and that IPSAS 17 does not contain the paragraph 77(e) disclosure requirement. The AASB considers that it would be too onerous for NFP entities revaluing assets to fair value to also disclose the costs of those assets. Accordingly, the AASB agreed that the disclosure should not be required for NFP entities. Paragraph 77(e) has been retained for for-profit entities in accordance with the AASB's IFRS convergence policy.</p> <p>[proposed in ED 120 <i>Request for Comment on IAS 16 and IPSAS 17 Property, Plant and Equipment</i>, approved at January 2004 AASB meeting]</p>	Aus77.1 Notwithstanding paragraph 77(e), in respect of NFP entities, for each revalued class of property, plant and equipment, the requirement to disclose the carrying amount that would have been recognised had the assets been carried under the cost model does not apply.
Defined terms	Definition of NFP entity and examples of property, plant and equipment held by NFPs.	<p>The AASB decided to amend AASB 116 to include a new Aus paragraph confirming that infrastructure, cultural, community and heritage assets are examples of property, plant and equipment held by NFP public sector entities and for-profit government departments, as this was not explicitly stated elsewhere in Australian Accounting Standards.</p> <p>[ref: AASB 2007-9.BC14]</p>	<p>Aus6.1 The following term is also used in this Standard with the meaning specified. A NFP entity is an entity whose principal objective is not the generation of profit. A NFP entity can be a single entity or a group of entities comprising the parent and each of the entities that it controls.</p> <p>Aus6.2 Examples of property, plant and equipment held by NFP public sector entities include, but are not limited to, infrastructure, cultural, community and heritage assets.</p>



Nature	Description	Reason included	Text of paragraph(s)
Australian guidance	Australian implementation guidance for NFP public sector entities and for-profit government departments that hold heritage and cultural assets.	<p>The AASB decided to provide Australian Guidance with AASB 116 addressing reliable measurement, revaluations and depreciation of heritage and cultural assets. The AASB concluded that in the short term there is a need for such guidance. The focus has been on heritage and cultural assets because they, with the exception of condition-based depreciation of infrastructure assets (which is outside the scope of the short-term review of the requirements in AASs 27, 29 and 31), are the type of assets about which constituents expressed the most concern. This new material is a short-term measure until such time as the AASB undertakes a longer-term project on heritage and cultural assets.</p> <p>The AASB concluded that its decision to provide such Australian Guidance would not amend the principles in AASB 116. In particular, the AASB concluded that the Australian Guidance does not imply that an entity's asset maintenance program or measurement basis justifies non-depreciation. The Australian Guidance notes that, depending on the nature of the heritage or cultural asset, it may have a useful life that is not limited, for example, where there are appropriate curatorial and preservation policies, and therefore would not be depreciated.</p> <p>[ref: AASB 2007-9.BC16-17]</p>	<p>G1 In accordance with paragraphs 7(b), 15 and Aus15.1 of AASB 116, only those heritage and cultural assets that can be reliably measured are recognised. It depends on the circumstances as to whether the reliable measurement recognition criterion can be satisfied in relation to a particular heritage or cultural asset. Heritage and cultural assets acquired at no cost, or for a nominal cost⁴, are required to be initially recognised at fair value as at the date of acquisition. Depending on circumstances, it may not be possible to reliably measure the fair value as at the date of acquisition of a heritage or cultural asset.</p> <p>G2 Of those heritage and cultural assets that satisfy the reliable measurement criterion for initial recognition purposes, paragraph 29 of AASB 116 permits, but does not require, revaluation. However, under AASB 1049 <i>Whole of Government and General Government Sector Financial Reporting</i>, GGSs and whole of governments are required to adopt those optional treatments in Australian Accounting Standards that are aligned with the principles or rules in the Australian Bureau of Statistics Government Finance Statistics (GFS) Manual. Consequently, those entities would be required to adopt a revaluation model for heritage and cultural assets recognised under AASB 116 where the reliable measurement recognition criterion is satisfied.</p> <p>G3 Furthermore, given the nature of many heritage and cultural assets that meet the recognition criteria, those assets may not have limited useful lives (for example, when the entity adopts appropriate curatorial and preservation policies), and therefore may not be subject to depreciation. However, entities should consider whether the requirements of AASB 136 <i>Impairment of Assets</i> apply to such assets.</p> <p>G4 The curatorial and preservation policies referred to in paragraph G3 above would typically be those developed and monitored by qualified personnel and include the following:</p> <ul style="list-style-type: none"> (a) a clearly stated objective about the holding and preservation of items; (b) a well-developed plan to achieve the objective, including demonstration of how the policy will be implemented, based on advice by appropriately qualified experts; (c) monitoring procedures; and (d) periodic reviews. In addition, there would be evidence that the policies have been adopted by the governing body of the entity.

4 The AASB intends to replace the reference to 'acquired at no cost, or for a nominal cost' in Paragraph G1 of AASB 116 with 'where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives', reflecting recent amendments made by AASB 1058.



AASB 117 Leases

Superseded by AASB 16 for periods beginning on or after 1 January 2019.

AASB 118 Revenue

Superseded by AASB 15 for periods beginning on or after 1 January 2019.

AASB 119 Employee Benefits

Nature	Description	Reason included	Text of paragraph(s)
Measurement	NFP public sector entities discount post-employment benefit obligations using market yields on government bonds.	<p>The AASB determined it would be inappropriate for NFP public sector entities to use corporate bonds as the basis for determining a rate at which to discount long-term employee benefit liabilities.</p> <p>The AASB decided that, from the government's perspective, the government's own borrowing rate would be more relevant than corporate bond rates for discounting.</p> <p>[ref: Agenda item 3(f)(ii) of 14-15 March 2007 AASB Meeting Minutes]</p>	Aus83.1 Notwithstanding paragraph 83, in respect of NFP public sector entities, postemployment benefit obligations denominated in Australian currency shall be discounted using market yields on government bonds.

AASB 120 Accounting for Government Grants and Disclosure of Government Assistance

Nature	Description	Reason included	Text of paragraph(s)
Scope	AASB 120 does not apply to NFP entities.	See reason in respect of AASB 112 <i>Income Taxes</i> paragraph Aus2.1.	Aus1.1 This Standard applies to: <ul style="list-style-type: none"> (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.

AASB 121 The Effects of Changes in Foreign Exchange Rates

No modification only for NFP entities.

AASB 123 *Borrowing Costs*

Nature	Description	Reason included	Text of paragraph(s)
Recognition	NFP public sector entities are permitted to expense all borrowing costs.	<p>These paragraphs arise from the AASB's consideration of a range of issues, including:</p> <p>GAAP/GFS convergence, and the costs of tracking reconciling differences over potentially long useful lives of public sector infrastructure assets if a NFP modification were not made;</p>	<p>Aus8.1 A NFP public sector entity may elect to recognise borrowing costs as an expense in the period in which they are incurred regardless of how the borrowings are applied.</p> <p>Aus8.2 In respect of NFP public sector entities, paragraphs 9-26, 27 and 28 apply only when an entity elects to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.</p>
Disclosure	Accounting policy disclosure requirement for NFP public sector entities.	<p>(a) the nature of borrowing in the public sector compared with the for-profit sector;</p> <p>(b) the prevailing practice NFP public sector entities revaluing property, plant and equipment subsequent to initial measurement and recognition.</p> <p>[ref: AASB 123.BC8-BC14]</p>	<p>Aus26.1 A NFP public sector entity shall disclose the accounting policy adopted for borrowing costs.</p>

AASB 124 *Related Party Disclosures*

Nature	Description	Reason included	Text of paragraph(s)
Australian guidance	<p>Implementation Guidance for NFP public sector entities explaining and illustrating the definition to key management personnel, disclosure of key management personnel compensation, disclosure of related party transactions and exemption from the disclosure requirements for government-related entities.</p> <p>The guidance is an</p>	<p>In finalising its proposals, the Board also considered constituent feedback for implementation guidance to be developed to assist NFP public sector entities in applying AASB 124. The Board noted that while some information about Ministerial or senior executive compensation or related party transactions may be disclosed pursuant to other legislation or directives, the requirement to apply AASB 124 will be the first time that information about a NFP public sector entity's related parties is specified by Australian Accounting</p>	<p>AASB 124. Appendix Australian Implementation Guidance for NFP Public Sector Entities IG1-IG14</p> <p>The text is excluded from this publication but is available on the AASB website.</p> <p>The AASB considered the issue of whether a transaction with a KMP related party that did not occur as part of a public services provider/taxpayer relationship is always material for disclosure in general purpose financial statements, and decided not to add the issue to its agenda. See the April 2017 Agenda Decision.</p>



Nature	Description	Reason included	Text of paragraph(s)
	integral part of the Standard and has the same authority as the other parts of the Standard.	<p>Standards for inclusion in its general purpose financial statements. Consequently, such entities may not have previously considered challenges in implementing the Standard's requirements in a NFP public sector environment. The Board considered that these entities may also have difficulty in identifying and determining the extent of the information necessary to meet the objective of AASB 124, as described in paragraph 1 of the Standard. Accordingly, the Board determined that the final amendments would include implementation guidance to assist NFP public sector entities with their implementation of the Standard.</p> <p>[ref: AASB 124.BC7]</p>	

AASB 127 *Separate Financial Statements*

Nature	Description	Reason included	Text of paragraph(s)
Disclosure	Disclosure requirements for NFP parent when it elects not to prepare consolidated financial statements.	Signpost to merely clarify that for NFP entities, the reference to International Financial Reporting Standards is to be read as Australian Accounting Standards.	Aus16.1 When a NFP parent, in accordance with paragraphs 4(a), Aus4.1 and Aus4.2 of AASB 10, elects not to prepare consolidated financial statements and instead prepares separate financial statements, it shall disclose in those separate financial statements the disclosures specified in paragraph 16, with the exception that the reference in paragraph 16(a) to 'International Financial Reporting Standards' is replaced by a reference to 'Australian Accounting Standards'.



AASB 128 *Investments in Associates and Joint Ventures*

Nature	Description	Reason included	Text of paragraph(s)
Measurement	An investment in an associate or joint venture acquired at significantly less than fair value is initially recognised at fair value.	See reason in respect of AASB 116 <i>Property, Plant and Equipment</i> paragraph Aus15.1 and Aus15.3.	Aus10.1 Notwithstanding paragraph 10, NFP entities shall initially measure the cost of an investment in an associate or joint venture at fair value in accordance with AASB 13 <i>Fair Value Measurement</i> where the consideration for the investment is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 <i>Income of Not-for-Profit Entities</i> addresses the recognition of related amounts.

AASB 129 *Financial Reporting in Hyperinflationary Economies*

No modification only for NFP entities.

AASB 132 *Financial Instruments: Presentation*

No modification only for NFP entities.

AASB 133 *Earnings per Share*

No modification only for NFP entities.

AASB 134 *Interim Financial Reporting*

Nature	Description	Reason included	Text of paragraph(s)
Scope	Exemption for interim financial reports for the General Government Sector.	The AASB is yet to consider interim reporting in the General Government Sector context. [ref: agenda item 5 of 13-14 December 2006 AASB Meeting Minutes]	Aus2.1 This Standard does not apply to interim financial reports for the General Government Sector of each government.



AASB 136 *Impairment of Assets*

Nature	Description	Reason included	Text of paragraph(s)
Scope	Exemption of primarily non-cash-generating specialised assets of NFP entities held for their service capacity that are regularly fair valued, from impairment testing.	To clarify that, because primarily non-cash-generating specialised assets held for continuing use of their service capacity are rarely sold, their cost of disposal is typically negligible and, accordingly, the recoverable amount of such assets is expected to be materially the same as fair value, determined under AASB 13. [ref: AASB 2016-4.BC17]	Aus5.1 Many assets of NFP entities that are not held primarily for their ability to generate net cash inflows are typically specialised assets held for continuing use of their service capacity. Given that these assets are rarely sold, their cost of disposal is typically negligible. The recoverable amount of such assets is expected to be materially the same as fair value, determined under AASB 13 <i>Fair Value Measurement</i> , with the consequence that this Standard: (a) does not apply to such assets that are regularly revalued to fair value under the revaluation model in AASB 116 and AASB 138; and (b) applies to such assets accounted for under the cost model in AASB 116 and AASB 138.
Recognition	Recognise impairment losses on revalued assets by class of asset.	See reason in respect of AASB 116 <i>Property, Plant and Equipment</i> paragraph Aus39.1, Aus40.1 and Aus40.2.	Aus61.1 Notwithstanding paragraph 61, in respect of NFP entities, an impairment loss on a revalued asset is recognised in other comprehensive income to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the class of asset. Such an impairment loss on a revalued asset reduces the revaluation surplus for the class of asset.
Recognition	Recognise reversal of impairment losses on revalued assets by class of asset.	See reason in respect of AASB 116 paragraph Aus39.1, Aus40.1 and Aus40.2.	Aus120.1 Notwithstanding paragraph 120, in respect of NFP entities, a reversal of an impairment loss on a revalued asset is recognised in other comprehensive income and increases the revaluation surplus. However, to the extent that an impairment loss on the same class of asset was previously recognised in profit or loss, a reversal of that impairment loss is also recognised in profit or loss.
Defined terms	Definitions of NFP entity.	NFP specific definitions and acknowledgement that a NFP entity's principal objective is not to generate profit.	Aus6.2 The following terms are also used in this Standard with the meaning specified. A NFP entity is an entity whose principal objective is not the generation of profit. A NFP entity can be a single entity or a group of entities comprising the parent and each of the entities that it controls.



AASB 137 Provisions, Contingent Liabilities and Contingent Assets

Nature	Description	Reason included	Text of paragraph(s)
Recognition	Recognition of liabilities arising from government policies, promises or statements of intent.	<p>The inclusion of these Aus paragraphs as a result of the short-term review of AASs 27, 29 and 31, which effectively maintains the status quo, is a short-term measure until such time as the AASB undertakes the longer-term project on obligations arising from local government and government existing public policies, budget policies, election promises and statements of intent, as outlined in the AASB Public Sector Policy Paper.</p> <p>[ref: AASB 2007-9.BC27]</p>	<p>Aus26.1 This paragraph and paragraph Aus26.2 relate to the recognition by a local government, government department or government of a liability arising from a local government or government existing public policy, budget policy, election promise or statement of intent. The intention to make payments to other parties, whether advised in the form of a local government or government budget policy, election promise or statement of intent, does not of itself create a present obligation which is binding. A liability would be recognised only when the entity is committed in the sense that it has little or no discretion to avoid the sacrifice of future economic benefits. For example, a government does not have a present obligation to sacrifice future economic benefits for social welfare payments that might arise in future reporting periods. A present obligation for social welfare payments arises only when entitlement conditions are satisfied for payment during a particular payment period. Similarly, a government does not have a present obligation to sacrifice future economic benefits under multi-year public policy agreements until the grantee meets conditions such as grant eligibility criteria, or has provided the services or facilities required under the grant agreement. In such cases, only amounts outstanding in relation to current or previous periods satisfy the definition of liabilities.</p> <p>Aus26.2 Some such transactions or events may give rise to legal, social, political or economic consequences which leave little, if any, discretion to avoid a sacrifice of future economic benefits. In such circumstances, the definition of a liability is satisfied. An example of such an event is the occurrence of a disaster, where a government has a clear and formal policy to provide financial aid to victims of such disasters. In this circumstance, the government has little discretion to avoid the sacrifice of future economic benefits. However, the liability is recognised only when the amount of financial aid to be provided can be measured reliably.</p>



AASB 138 *Intangible Assets*

Nature	Description	Reason included	Text of paragraph(s)
Recognition	Recognition of revaluation increases and decreases on a class of asset basis.	See reason in respect of AASB 116 <i>Property, Plant and Equipment</i> paragraph Aus39.1, Aus40.1 and Aus40.2.	<p>Aus85.1 Notwithstanding paragraph 85, in respect of NFP entities, if the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss.</p> <p>Aus86.1 Notwithstanding paragraph 86, in respect of NFP entities, if the carrying amount of a class of assets decreased as a result of a revaluation, the net revaluation decrease shall be recognised in profit or loss. However, the net revaluation decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in any revaluation surplus in respect of that same class of assets. The net revaluation decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.</p> <p>Aus86.2 In respect of NFP entities, revaluation increases and revaluation decreases relating to individual assets within a class of intangible assets shall be offset against one another within that class but shall not be offset in respect of assets in different classes.</p>
Measurement	An intangible asset acquired at significantly less than fair value is initially recognised at fair value.	See reason in respect of AASB 116 paragraph Aus15.1 and Aus15.3.	<p>Aus24.1 Notwithstanding paragraph 24, NFP entities shall initially measure the cost of the asset at fair value where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 <i>Income of Not-for-Profit Entities</i> addresses the recognition of related amounts.</p>
Disclosure	Disclosure exception for carrying amount of revalued class under the cost model.	See reason in respect of AASB 116 paragraph Aus77.1.	<p>Aus124.1 Notwithstanding paragraph 124(a) (iii), in respect of NFP entities, for each revalued class of intangible assets, the requirement to disclose the carrying amount that would have been recognised had the assets been carried under the cost model does not apply.</p>



AASB 139 *Financial Instruments: Recognition and Measurement*

No modification only for NFP entities.

AASB 140 *Investment Property*

Nature	Description	Reason included	Text of paragraph(s)
Scope	Property held to meet service delivery objectives (rather than for rental or capital appreciation) accounted for under AASB 116 as it does not meet the investment property definition.	Acknowledgement that for profit entities and NFP entities have different objectives. The objectives will influence whether assets are accounted for in accordance with AASB 140 or AASB 116 (or another Australian Accounting Standard, as applicable). [proposed in ED 103 <i>Investment Property</i> , approved at March 2004 AASB meeting]	Aus9.1 In respect of NFP entities, property may be held to meet service delivery objectives rather than to earn rental or for capital appreciation. In such situations the property will not meet the definition of investment property and will be accounted for under AASB 116, for example (a) property held for strategic purposes; and (b) property held to provide a social service, including those which generate cash inflows where the rental revenue is incidental to the purpose for holding the property.
Measurement	Investment property acquired at significantly less than fair value is initially recognised at fair value.	See reason in respect of AASB 116 <i>Property, Plant and Equipment</i> paragraph Aus15.1 and Aus15.3.	Aus20.1 Notwithstanding paragraph 20, NFP entities shall initially measure the cost of the asset at fair value in accordance with AASB 13 <i>Fair Value Measurement</i> where the consideration for the asset is significantly less than fair value principally to enable the entity to further its objectives. AASB 1058 <i>Income of Not-for-Profit Entities</i> addresses the recognition of related amounts.

AASB 141 *Agriculture*

Nature	Description	Reason included	Text of paragraph(s)
Recognition Measurement	Apply AASB 1058 to account for government grants related to biological assets.	See reason in respect of AASB 112 <i>Income Taxes</i> paragraph Aus2.1	Aus38.1 Notwithstanding paragraphs 34-38, NFP entities shall account for government grants related to a biological asset in accordance with AASB 1058 <i>Income of Not-for-Profit Entities</i> .



Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*

Nature	Description	Reason included	Text of paragraph(s)
Recognition	Account for changes in decommissioning and similar liabilities related to a revalued asset on a class of asset basis.	See reason in respect of AASB 116 <i>Property, Plant and Equipment</i> paragraph Aus39.1, Aus40.1 and Aus40.2.	Aus6.1 Notwithstanding paragraph 6, in respect of a NFP entity, the requirements of paragraph 6 shall be applied in relation to a class of assets, consistent with the revaluation model requirements of AASB 116 for NFP entities.