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The AASB logo is a white hexagon with the letters 'AASB' in bold, black, sans-serif font. It is centered within a larger hexagonal graphic that features a background of financial data, including bar charts, line graphs, and binary code (0s and 1s) in shades of blue and purple.

## **AASB Staff Webcast: Proposals to require more not-for-profit entities to prepare GPFS, and for simpler Tier 3 GPFS requirements**

*ED 334 Limiting the Ability of Not-for-Profit Entities to  
Prepare Special Purpose Financial Statements  
and  
ED 335 General Purpose Financial Statements – Not-for-  
Profit Private Sector Tier 3 Entities*

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# Agenda

- Purpose of the Exposure Drafts
- Entities affected by the proposals
- Overview of the proposals
  - Tier 3 reporting requirements
  - Conceptual Framework – not-for-profit amendments
- How to provide feedback, and planned outreach
- Where to go for more information



# Purpose of ED 334

## **ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements***

- extends the *Conceptual Framework for Financial Reporting* to private and public sector NFP entities
- supersedes the *Framework for the Preparation and Presentation of Financial Statements* and *SAC 1 Definition of the Reporting Entity*
  - extends the applicability of Australian Accounting Standards to more NFP entities
  - ends self-assessment of whether GPFS/SPFS are warranted

### **Impact**

- brings for-profit private sector entities and NFP entities onto the same conceptual framework platform
- more NFP entities will need to prepare GPFS

# Purpose of ED 335

## ***ED 335 General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities***

- a new GPFS – Tier 3: Australian Accounting Standards – Simplified Accounting
  - simpler recognition and measurement (R&M)
  - complementary disclosures
- reduces the GPFS reporting burden
- only accessible to NFP private sector entities

### **Impact**

- new minimum GPFS requirements for many NFP private sector entities
- implementation costs of the ED 334 proposals expected to be lower

# Entities affected by the proposals

## ED 334

(Conceptual Framework ED)

Applies to

### NFP private and public sector entities

- required by legislation to prepare financial statements that comply with either Australian Accounting Standards or accounting standards
- required by the constituting document or another document to prepare financial statements that comply with Australian Accounting Standards
- elect to prepare GPFS

### Constituting date exempted?

(created/last amended before effective date)

No

Yes

### SPFS permitted

- NFP private sector entities to comply with certain AASB 1054 disclosures
- *Framework for the Preparation and Presentation of Financial Statements* and SAC 1 apply

GPFS

Tier 3 GPFS

## ED 335

(Tier 3 ED)

Applies to

Tier 3 entities

### Tier 3 entity

- NFP private sector entity
- no public accountability
- not prohibited from applying Tier 3



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# **Tier 3 reporting requirements**

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## Principles guiding development of the Tier 3 proposals

1. Development of the reporting requirement is subject to the *AASB Not-for-Profit Entity Standard-Setting Framework*
2. Tier 3 GPFS must provide useful financial information to users of those financial statements
3. Consistency with Tier 2 reporting requirements is desirable, but may not always be warranted
4. The aim is to maximise leveraging information that management uses to make decisions about the entity's operations, where possible within the context of the conceptual framework and user needs and cost/benefit considerations
5. The cost/benefit balance is appropriate

The principles act as a 'boundary' for possible simplification alternatives and provide a consistent basis for forming the Board's preliminary views.

## Simplifications reflected in the Tier 3 proposals

1. Omission of uncommon requirements/ topics
2. Simplification of drafting and language
3. Simplification of presentation
4. Simplification of R&M requirements
5. Provision of accounting policy choice
6. Fewer disclosures
7. Additional disclosures supplementing simplified R&M requirements



# Overview of the proposed Tier 3 reporting requirements



## A single, stand-alone Standard

- specifies accounting requirements for transactions, events and other conditions common to smaller NFP private sector entities
- other topics – entity is directed to:
  - **for specified events/topics:** apply R&M, presentation and transition requirements specified by the relevant topic-based Standard & AASB 1060 disclosures (e.g. AASB 5, AASB 141, AASB 9 – only for complex financial instruments)
  - **otherwise:** develop an accounting policy, having regard to a specified accounting 'hierarchy'

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# A complete set of financial statements

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# A complete set of financial statements

ED 335, Sections 2–7

## Components of the Tier 3 GPFS

- a statement of financial position
- a statement of comprehensive income (SOCl), presented as either:
  - a single statement of profit or loss and other comprehensive income (OCI)
- or
- a statement of profit or loss + a separate statement of comprehensive income beginning with the profit for the period
- a statement of changes in equity (SOCIE)
- a statement of cash flows
- notes to the financial statements.

### Presentation alternative 1: No OCI

- profit/loss as the 'bottom line'
- a separate SOCl is not required

### Presentation alternative 2: No OCI + only opening balance adjustments

- present a statement of income and retained earnings instead of the SOCl and SOCIE



# A complete set of financial statements

ED 335, Section 9 & 27

## Comparatives are not restated

- changes in accounting estimates – reflected prospectively
- changes in accounting policy & correction of prior period errors – ‘modified retrospective approach’
  - change in policy applies retrospectively, but any catch-up cumulative adjustment is made to the opening balances of the current period

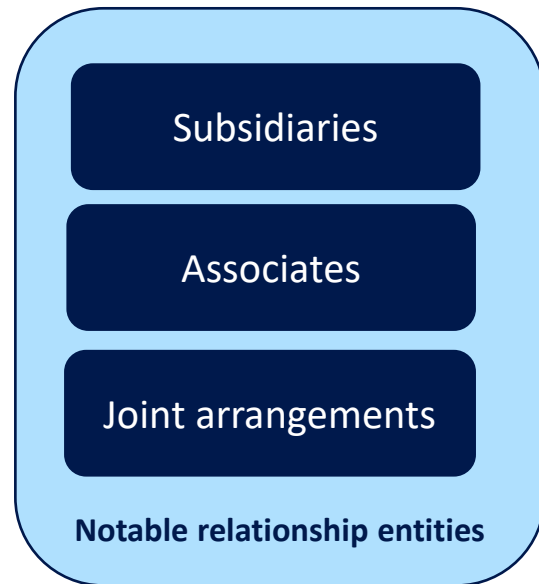
## Events after the reporting period

- adjusting events – recognised in the current period
- non-adjusting events – disclosed but not recognised in the current period

# A complete set of financial statements

ED 335, Section 8

## Option not to prepare consolidated financial statements



A parent entity may:

1. consolidate subsidiaries (using a book value method)  
+ equity account associates and joint ventures  
+ recognise share of joint operations

or

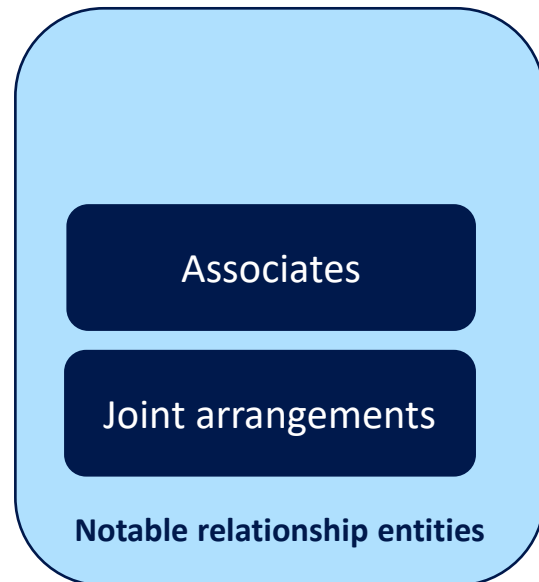
2. measure **notable relationship entities** at:
  - cost
  - fair value through profit or loss (or fair value through OCI)
  - using the equity method

A notable relationship exists when the entity has at least significant influence over the other entity

# A complete set of financial statements

ED 335, Sections 8 & 13

## Option not to prepare financial statements in which the equity method is applied



An investor that is not a parent entity may:

1. measure associates and interests in joint ventures at:
    - cost
    - fair value through profit or loss (or fair value through OCI)
    - using the equity method; and
  2. recognise its share of any joint operations
- or
3. measure **notable relationship entities** at:
    - cost
    - fair value through profit or loss (or fair value through OCI)
    - using the equity method



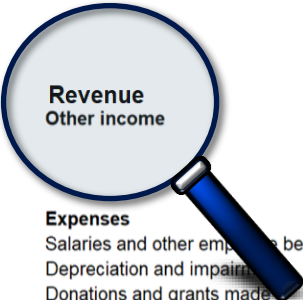
## Other topics addressed

- Revenue (Section 20)
- Leases (Section 18)
- Inventory (Section 12)
- Property, plant and equipment (Section 15)
- Investment property (Section 14)
- Intangible assets (Section 16)
- Financial instruments (Section 10)
- Provisions & Employee Benefits (Section 19 & 24)
- Fair value measurement (Section 11)
- Entity combinations (Section 17)
- Commitments, contingent liabilities & contingent assets (Section 19)
- Related party disclosures (Section 28)

# Revenue

ED 335, Section 20

Statement of profit or loss and other comprehensive income  
for the year ended 30 June 2024



	Note	2024 \$'000	2023 \$'000
<b>Revenue</b>	2	2,606	2,470
<b>Other income</b>	2	84	134
		<u>2,690</u>	<u>2,604</u>
<b>Expenses</b>			
Salaries and other employee benefits		(1,363)	(1,224)
Depreciation and impairment		(135)	(114)
Donations and grants made		(491)	(566)
Lease payments		(126)	(109)
Finance costs		(9)	(2)
Administration costs		(300)	(252)
<b>Profit for the year</b>	3	<u>266</u>	<u>337</u>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<u>266</u>	<u>337</u>

- Timing of revenue recognition has regard to the **“common understanding”** of parties to the transaction
- Deferred revenue obligation recognised for any unsatisfied obligations to perform in a particular way
  - e.g. to use the assets received in a certain way or transfer an asset to the original party to the transaction or to other parties/beneficiaries
  - evidence of purpose/period of use must be present
    - ✓ written communication or oral representation
    - ✗ does not need to be enforceable



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# Revenue

ED 335, Section 20

## Examples of unsatisfied performance

Source	Possible unsatisfied obligation to perform
Interest and dividends	n/a
Sale of goods & services	Goods/ services not yet transferred
Membership fees	Services not yet rendered (e.g. unexpired membership term)
Grants to fund capital works	Incomplete obligation to build/acquire a specified asset
Grants to fund next year's operating costs	Incur eligible expenditure over a specified period
Donations earmarked to a specific purpose	Use of funds to that specific purpose/activity



# Revenue

ED 335, Section 20 and elsewhere

## Measurement of revenue

Type of revenue	Measurement
Interest	Contractual interest rate x opening balance of the period
Dividends	Fair value (determinable amount of the dividend)
Sale of goods & services	Consideration to which the entity expects to be entitled
Grants and cash donations	Consideration to which the entity expects to be entitled
Donated inventory	Consideration paid, or current replacement cost of the donated item
Donated PPE, investment property & intangible assets	Cost or fair value of the donated item
Volunteer services	Nil (unrecognised) or at fair value of the services received

# Leases

## ED 335, Section 18

### Statement of profit or loss and other comprehensive income for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>Revenue</b>	2	2,606	2,470
<b>Other income</b>	2	84	134
		<u>2,690</u>	<u>2,604</u>
<b>Expenses</b>			
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- Recognise lease expense/income on a straight-line basis (unless another basis is more representative of the time pattern of the lessee's benefit from the asset)
- ED 335 does not require a right-to-use asset and related lease liability to be recognised
- Concessionary leases treated the same as other leases



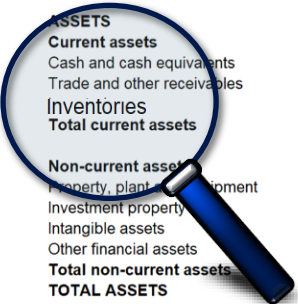
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# Inventories

## ED 335, Sections 12 & 23

Statement of financial position  
for the year ended 30 June 2024



	Note	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	138	217
Trade and other receivables	5	176	161
Inventories	6	123	143
<b>Total current assets</b>		<b>437</b>	<b>521</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,836	1,538
Investment property	8	97	84
Intangible assets	9	5	6
Other financial assets	10	684	619
<b>Total non-current assets</b>		<b>2,622</b>	<b>2,247</b>
<b>TOTAL ASSETS</b>		<b>3,059</b>	<b>2,767</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	191	215
Provision for employee benefits	12	152	147
Deferred revenue obligations	13	82	28
<b>Total current liabilities</b>		<b>425</b>	<b>390</b>
<b>Non-current liabilities</b>			
Provision for employee benefits	12	7	17
Other provisions	14	76	57
Borrowings	15	243	262
<b>Total non-current liabilities</b>		<b>326</b>	<b>336</b>
<b>TOTAL LIABILITIES</b>		<b>751</b>	<b>725</b>
<b>NET ASSETS</b>		<b>2,308</b>	<b>2,042</b>
<b>Retained earnings</b>			
Retained earnings	16	1,708	573
Reserves	17	600	1,469
<b>TOTAL RETAINED EARNINGS</b>		<b>2,308</b>	<b>2,042</b>

- Measured at cost, subject to write-down
  - donated goods: consideration paid or current replacement cost
  - cost does not need to include share of production overhead costs
- Tested for write-down only when impairment indicator is present at reporting date
- For the write-down amount, look at:
  - inventory held for distribution – loss of service potential
  - other inventory – estimated selling price of inventory, less costs to complete and sell

### Impairment indicators [s.23]

- item is damaged, spoilt, or obsolete
- strategy change or reduction in external demand adversely affects the asset's capacity to provide goods & services or generate sales revenues

# Property, plant and equipment

## ED 335, Sections 15 & 23

Statement of financial position  
for the year ended 30 June 2024

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<b>ASSETS</b>			
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- Measurement choice: cost model or revaluation model
  - initial measurement – donated PPE: cost or fair value
  - initial measurement – other: cost
  - cost does not need to include share of depreciation of other assets
- Estimate recoverable amount & review assumptions/judgements only when impairment indicator is present at reporting date
  - assumptions/judgements: depreciation method, useful life, residual value
  - also review depreciation method when there is an indication of significant change in the expected future economic benefit consumption pattern

### Impairment indicators [s.23]

- item is damaged, spoilt, or obsolete
- strategy change or reduction in external demand adversely affects the asset's capacity to provide goods & services or generate sales revenues



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# Investment property

## ED 335, Sections 14 & 23

Statement of financial position  
for the year ended 30 June 2024

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- Measurement choice: cost model or fair value model
  - initial measurement – donated investment property: cost or fair value
  - initial measurement – other: cost
  - referred to PPE requirements for initial measurement & cost model
- Subsequent measurement: Cost model or Fair value model
  - fair value must be reliably measurable
  - ‘paused’ when fair value is not reliably measurable: cost model measurement applies instead

### Impairment indicators [s.23]

- item is damaged, spoilt, or obsolete
- strategy change or reduction in external demand adversely affects the asset's capacity to provide goods & services or generate sales revenues



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# Intangible assets

## ED 335, Sections 16 & 23

Statement of financial position  
for the year ended 30 June 2024

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- Measurement choice: cost model or revaluation model
    - initial measurement – donated intangible assets: cost or fair value
    - initial measurement – other: cost
    - internally generated intangibles: expenditure is not capitalisable but is immediately expensed (including all R&D)
  - Estimate recoverable amount & review assumptions/judgements only when indicator is present at reporting date
    - assumptions/judgements: amortisation method, useful life, residual value
    - useful life of an indefinite life intangible asset cannot exceed 10 years
- Impairment indicators** [s.23]

  - (i) item is damaged, spoilt, or obsolete
  - (ii) strategy change or reduction in external demand adversely affects the asset's capacity to provide goods & services or generate sales revenues

# Financial instruments

ED 335, Section 10

Accounting for basic financial instruments to be specified by a Tier 3 Standard

IN: Basic financial instruments include:	OUT: More complex / less common financial instruments (examples)
Cash and cash equivalents	Unlisted corporate bonds
Trade and other receivables	Convertible notes
Term deposits	Derivative financial instruments
Security deposits	Financial guarantee contracts
Government/ listed corporate bonds	Other acquired equity instruments
Units in managed schemes, unit trusts or similar	Concessionary loan commitments
Non-convertible ordinary shares	
Non-convertible preference shares, including redeemable preference shares	
Trade and other payables	
Loans – including loans on concessionary terms, or on terms that create leverage	

**Entity holds financial instruments other than basic financial instruments**


Not disqualified from preparing Tier 3 GPFS, but required to apply AASB 9 + AASB 1060 to the financial instrument



# Financial instruments

ED 335, Sections 10 & 26

Statement of financial position  
for the year ended 30 June 2024



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## Proposed measurement for financial assets

Financial asset	Initial measurement	Subsequent measurement
Cash & cash equivalents	Fair value	Cost, less impairment
Trade & other receivables	Fair value (expected consideration)	Cost, less impairment
Ordinary shares & other financial assets held to generate both income and a capital return	Fair value	FVTPL or FVTOCI
Term deposits & other [basic] financial assets	Fair value	Cost, less impairment
Concessional loans made	Transaction price	Cost, less impairment

**Interest income** = carrying amount of the financial asset at the beginning of a period  
x contractual interest rate

**Derecognition** occurs when contractual rights expire/are settled, or control is otherwise lost



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# Financial instruments

ED 335, Section 10

## Objective evidence of impairment

- assessed at the end of each reporting period
- assessed individually or grouped based on similar credit risk characteristics
- examples of objective evidence
  - observable data about **loss events** comes to the attention of the holder
  - there have been significant changes with an adverse effect in technological, market, economic or legal environment in which the debtor/issuer operates
- impairment loss = carrying amount – PV of estimated cash flows
  - use the contractual interest rate as the PV discount rate

### Identified loss events

- significant financial difficulty of the issuer/obligor
- breach of contract
- entity has granted the debtor a concession in response to its financial difficulty
- probable that debtor will declare bankruptcy or enter in other financial re-organisation activity
- adverse national/local economic conditions, or changes in industry conditions, or other similar events, that evidence a measurable decrease in estimated future cash flows associated with a group of financial assets



# Financial instruments

ED 335, Sections 10, 22 & 25

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for the year ended 30 June 2024

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<b>NET ASSETS</b>		<b>2,308</b>	<b>2,042</b>
<b>Retained earnings</b>			
Retained earnings	16	1,708	573
Reserves	17	600	1,469
<b>TOTAL RETAINED EARNINGS</b>		<b>2,308</b>	<b>2,042</b>

## Proposed measurement for financial liabilities

Financial liability	Initial measurement	Subsequent measurement
Trade & other payables	Fair value	Cost
Concessional loans received	Transaction price	Cost
Other loans & other [basic] financial liabilities	Fair value	Cost
Current tax payable [s.25]	Tax assessment / tax return	

## Interest-bearing financial liabilities

- all borrowing costs are expensed [s.22]
- interest expense = carrying amount of the financial liability at the beginning of a period x contractual interest rate

## Modification of a financial liability

- treated as extinguishment of existing liability + recognition of a new liability



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# Provisions & Employee Benefits

ED 335, Section 19 & 24

Statement of financial position  
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	138	217
Trade and other receivables	5	176	161
Inventories	6	123	143
<b>Total current assets</b>		<b>437</b>	<b>521</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	1,836	1,538
Investment property	8	97	84
Intangible assets	9	5	6
Other financial assets	10	684	619
<b>Total non-current assets</b>		<b>2,622</b>	<b>2,247</b>
<b>TOTAL ASSETS</b>		<b>3,059</b>	<b>2,767</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	191	215
Provision for employee benefits	12	152	147
Deferred revenue obligations	13	82	28
<b>Total current liabilities</b>		<b>425</b>	<b>390</b>
<b>Non-current liabilities</b>			
Provision for employee benefits	12	7	17
Other provisions	14	76	57
Borrowings	15	243	262
<b>Total non-current liabilities</b>		<b>326</b>	<b>336</b>
<b>TOTAL LIABILITIES</b>		<b>751</b>	<b>725</b>
<b>NET ASSETS</b>		<b>2,308</b>	<b>2,042</b>
<b>Retained earnings</b>			
Retained earnings	16	1,708	573
Reserves	17	600	1,469
<b>TOTAL RETAINED EARNINGS</b>		<b>2,308</b>	<b>2,042</b>

- Provision recognised for present obligations that are probable, and reliably measurable
  - measured at best estimate of the amount to be paid
  - estimate based on current information about conditions existing at the end of the reporting period
  - estimate is not discounted
- Specific rules/guidance for provisions for employee benefits
  - all employee benefit liabilities are categorised as a provision
  - leave balances – recognition depends on terms of the entitlement
    - **vesting accumulating leave** – provided for as entitlement accrues
    - **non-vesting / non-accumulating leave** – expense when entitlement taken
  - measured at the undiscounted amount of employee benefits expected to be paid for services rendered



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# Fair value measurement

ED 335, Section 11

## Objective

To estimate the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions

A fair value measurement considers:

- the characteristics that market participants would take into account
- the highest and best use of a non-financial asset



# Fair value measurement

ED 335, Sections 11 & 10

## Reliable measurement of fair value

1. Fair value is reliably measurable if:
  - a market price of an identical asset or a similar asset is observable close to the measurement date
  - or
  - either the:
    - (i) variability in the range of reasonable fair value measures is insignificant for that asset; or
    - (ii) probabilities of the various measures within the range can be reasonably assessed and used in estimating fair value
2. Fair value measurement precluded if:
  - the range of reasonable fair value measures is significant; and
  - the probabilities of the various measures cannot be reasonably assessed
3. Cost is an appropriate estimate of the FV of an unquoted equity instrument only in limited circumstances [s.10]

### Fair value hierarchy

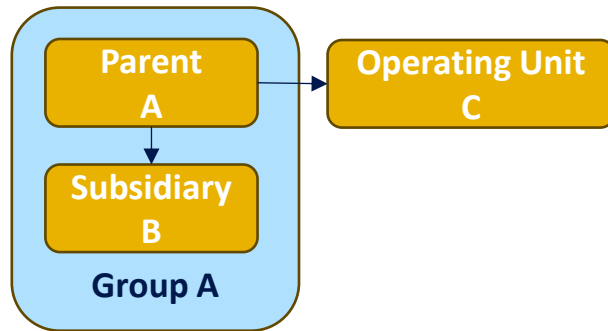
- ✗ Level 1, Level 2, Level 3 inputs
- ✓ “maximise ... observable inputs and minimise ... unobservable inputs”



# Entity combinations

ED 335, Section 17

An 'entity combination' combines separate entities or 'operating units' into one reporting entity



Use a **book value method** to account for the combination

- combination treated as having occurred at the beginning of the current period
- assets, liabilities and equity of the acquired entity are recognised at their pre-combination book values, except where:
  - accounting policies differ – balances must be adjusted for uniformity
  - an acquired material asset (other than a donated asset) or liability was measured at nil – item must be remeasured to its fair value at the beginning of the current period
- difference between the consideration paid and the carrying amount of the net assets recognised is recognised in equity
  - ✗ no goodwill or discount on bargain purchase



# Commitments, contingent liabilities & contingent assets

ED 335, Section 19 & elsewhere

Statement of financial position  
for the year ended 30 June 2024

	Note	2024 \$'000	2023 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
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<b>Retained earnings</b>			
Retained earnings	16	1,708	573
Reserves	17	600	1,469
<b>TOTAL RETAINED EARNINGS</b>		<b>2,308</b>	<b>2,042</b>

- Contingent liabilities are not recognised [s.19]
  - contingent liabilities in an entity combination – are not recognised
  - disclose nature, amount, and an indication of the uncertainties
- Contingent assets are not recognised [s.19]
  - pledges – are not recognised
  - if inflow is probable – disclose nature and amount
- Firm commitments are not recognised
  - disclosure required of timing and/or amounts of contractual commitments for future outlays



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## Related party disclosures

ED 335, Section 28 & 8

- Disclose information about relationships, transactions and balances
- Consistent with Tier 2 GPFS disclosures, except that disclosure is not required of:
  - key management personnel compensation
  - donations from a related party, except if made on terms that could influence the entity's activities or use of resources
- Additional related party information required when entity treats “notable relationship entities” as a single category of investments



# Transition & effective date

- Proposals are set out in ED 334 & ED 335

# Moving from SPFS or Tier 2 (unconsolidated) to GPFS

ED 334, Amendments to AASB 1053 & AASB 1

Aligned with the for-profit entity requirements for moving from SPFS to GPFS

## SPFS → Tier 1 GPFS

- apply AASB 1
- no further transitional provisions proposed

## SPFS → Tier 2 GPFS

## Tier 2 GPFS (unconsolidated) → Tier 2 GPFS (consolidated)

- if Tier 2 R&M not already adopted, or consolidated financial statements are not prepared – apply AASB 1 or Tier 2 reporting requirements directly
- ED 334 proposes transitional relief for early adopters of the Amending Standard – exemption from:
  - distinguishing errors from changes in accounting policies
  - presenting comparative information that was not previously disclosed
  - restating comparative information



# Moving from SPFS or Tier 1/Tier 2 to Tier 3 GPFS

ED 335, Section 29

SPFS → Tier 3 GPFS

Tier 1/ Tier 2 GPFS → Tier 3 GPFS

Choice of **modified retrospective application** [Section 9] or **specific transitional provisions** [Section 29]

- modified retrospective application – comparatives are not restated but current period opening balances adjusted “as though the Tier 3 requirements had always applied”
- specific transitional provisions – comparatives are not restated, and R&M relief is available
- presentation/disclosure relief from:
  - distinguishing errors from changes in accounting policies, and
  - presenting comparative information that was not previously disclosed

## Transition date

- modified retrospective application – the beginning of the current period in which the Tier 3 Standard is first applied
- specific transitional provisions – the beginning of the earliest period for which the entity presents full comparative information in accordance with the Tier 3 Standard in its first financial statements that conform to the Tier 3 Standard



# Moving from SPFS or Tier 1/Tier 2 GPFS to Tier 3 GPFS

ED 335, Section 29

SPFS → Tier 3 GPFS

Tier 1/ Tier 2 GPFS → Tier 3 GPFS

## Section 29 R&M procedures and relief

Apply Tier 3 recognition, measurement and classification requirements on the transition date, except that:

- an entity is permitted to apply revenue requirements only to new contracts/arrangements
- an entity is permitted to continue to recognise existing financial assets & financial liabilities that are not otherwise recognisable
- previously derecognised financial assets & financial liabilities stay derecognised
- previous estimates, fair value measurements, NCI measurement are not revisited
- an entity is permitted to make 'Day 1' elections and to use a specified measure on transition date as 'cost' (deemed cost)
- **permitted to continue to apply Tier 1/Tier 2 recognition & measurement to some or all existing assets and liabilities (disclosure must also be continued)** [relief available to Tier 1/Tier 2 GPFS → Tier 3 GPFS only]



# Other movements between reporting Tiers

ED 335, Appendix C – Amendments to AASB 1053

## Tier 3 GPFS → Tier 1 GPFS

- apply AASB 1

## Tier 3 GPFS → Tier 2 GPFS

- apply AASB 1 or Tier 2 reporting requirements directly
- the first Tier 2 GPFS exempted from:
  - distinguishing errors from changes in accounting policies
  - presenting comparative information that was not previously disclosed
  - restating comparative information

## Resumption of Tier 3 GPFS

- Tier 3 R&M not currently adopted – treat as a first-time adopter of the Tier 3 Standard
- Tier 3 R&M currently adopted – no specific transitional relief available

## Effective date

At least **3 years** after the issue of a Tier 3 Standard

### Example

- AASB redeliberates proposals beginning March 2025
- AASB completes redeliberation of its proposals in November 2025
- AASB issues final pronouncements in December 2025
- Effective date of the final pronouncements will be no earlier than 1 January 2029





**ED 334**

**Proposed NFP modifications to  
the *Conceptual Framework***

# Proposed modifications to the *Conceptual Framework*

ED 334, Amendments to the *Conceptual Framework*

- adds 'Aus' paras to the *Conceptual Framework* so that it is suitable for use for NFP entities
  - limited, and mainly carried forward from the *Framework for the Preparation and Presentation of Financial Statements*
  - 'new' Aus paras proposed in response to content that is not in the *Framework*, or to address the overall for-profit/NFP balance of the pronouncement
- AASB view that no significant change is necessary to the *Conceptual Framework* regarding the:
  - emphasis given to accountability
  - identification of users of NFP financial statements





**Get involved**

## How to provide feedback, and planned outreach



- **Online survey**
  - ED 334: <https://www.surveymonkey.com/r/AASBCFED334>
  - ED 335: <https://www.surveymonkey.com/r/AASBTier3ED335>
- **Formal submissions:** Written submissions can be lodged online via the 'Open for comment' webpage at [www.aasb.gov.au/current-projects/open-for-comment/](http://www.aasb.gov.au/current-projects/open-for-comment/)
- **E-mail:** [standard@aasb.gov.au](mailto:standard@aasb.gov.au)
- Virtual and in-person outreach sessions will be held in Q4 2024 – Q1 2025



# How to provide feedback, and planned outreach

## Online survey

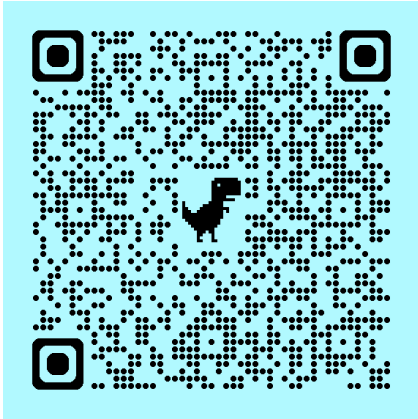
- ED 334: <https://www.surveymonkey.com/r/AASBCFED334>



- ED 335: <https://www.surveymonkey.com/r/AASBTier3ED335>



## Where to go for more information



### Resources available on the AASB website include:

- ED 334 *Limiting the Ability of Not-for-Profit Entities to Prepare Special Purpose Financial Statements*
- ED 335 *General Purpose Financial Statements – Not-for-Profit Private Sector Tier 3 Entities*
- Key facts: Proposals to require more not-for-profit entities to prepare GPFS, and for simpler Tier 3 GPFS requirements
- Summary of the Tier 3 Exposure Draft proposals and the extent of simplifications in comparison to Tier 2 requirements

Access these resources from:

<https://www.aasb.gov.au/news/developing-a-simpler-reporting-framework-for-nfp-entities-in-australia-exposure-drafts-released-for-feedback/>



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The AASB logo is a white hexagon with the letters 'AASB' in bold, black, sans-serif font. It is centered within a larger hexagonal graphic that features a background of financial data, including bar charts, line graphs, and binary code (0s and 1s) in shades of blue and purple.

# Thank You.



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